

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934

For the fiscal year ended December 31, 2012

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the Transition Period From \_\_\_\_\_ to \_\_\_\_\_  
Commission File Number: 001-33664



**Charter Communications, Inc.**

(Exact name of registrant as specified in its charter)

Delaware

43-1857213

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification Number)

400 Atlantic Street, 10th Floor  
Stamford, Connecticut 06901

(203) 905-7801

(Address of principal executive offices including zip code)

(Registrant's telephone number, including area code)

**Securities registered pursuant to section 12(b) of the Act:**

Title of each class	Name of Exchange which registered
Class A Common Stock, \$.001 Par Value	NASDAQ Global Select Market

**Securities registered pursuant to section 12(g) of the Act: None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrants have submitted electronically and posted on their corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrants were required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "accelerated filer," "large accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

The aggregate market value of the registrant of outstanding Class A common stock held by non-affiliates of the registrant at June 30, 2012 was approximately \$2.8 billion, computed based on the closing sale price as quoted on the NASDAQ Global Select Market on that date. For purposes of this calculation only, directors, executive officers and the principal controlling shareholders or entities controlled by such controlling shareholders of the registrant are deemed to be affiliates of the registrant.

APPLICABLE ONLY TO REGISTRANTS INVOLVED IN BANKRUPTCY  
PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes  No

There were 101,178,821 shares of Class A common stock outstanding as of January 31, 2013. There were no shares of Class B common stock outstanding as of the same date.

**Documents Incorporated By Reference**

Information required by Part III is incorporated by reference from Registrant's proxy statement or an amendment to this Annual Report on Form 10-K to be filed by April 30, 2013



CHARTER COMMUNICATIONS, INC.  
FORM 10-K — FOR THE YEAR ENDED DECEMBER 31, 2012

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This annual report on Form 10-K is for the year ended December 31, 2012. The Securities and Exchange Commission (“SEC”) allows us to “incorporate by reference” information that we file with the SEC, which means that we can disclose important information to you by referring you directly to those documents. Information incorporated by reference is considered to be part of this annual report. In addition, information that we file with the SEC in the future will automatically update and supersede information contained in this annual report. In this annual report, “we,” “us” and “our” refer to Charter Communications, Inc. and its subsidiaries.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS:

This annual report includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), regarding, among other things, our plans, strategies and prospects, both business and financial including, without limitation, the forward-looking statements set forth in Part I. Item 1. and in Part II. Item 7. under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this annual report. Although we believe that our plans, intentions and expectations reflected in or suggested by these forward-looking statements are reasonable, we cannot assure you that we will achieve or realize these plans, intentions or expectations. Forward-looking statements are inherently subject to risks, uncertainties and assumptions, including, without limitation, the factors described in Part I. Item 1A. under “Risk Factors” and in Part II. Item 7. under the heading, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this annual report. Many of the forward-looking statements contained in this annual report may be identified by the use of forward-looking words such as “believe,” “expect,” “anticipate,” “should,” “planned,” “will,” “may,” “intend,” “estimated,” “aim,” “on track,” “target,” “opportunity,” “tentative,” “positioning,” “designed,” “create” and “potential,” among others. Important factors that could cause actual results to differ materially from the forward-looking statements we make in this annual report are set forth in this annual report and in other reports or documents that we file from time to time with the SEC, and include, but are not limited to:

- our ability to sustain and grow revenues and cash flow from operations by offering video, Internet, telephone, advertising and other services to residential and commercial customers, to adequately meet the customer experience demands in our markets and to maintain and grow our customer base, particularly in the face of increasingly aggressive competition, the need for innovation and the related capital expenditures and the difficult economic conditions in the United States;
- the impact of competition from other market participants, including but not limited to incumbent telephone companies, direct broadcast satellite operators, wireless broadband and telephone providers, digital subscriber line (“DSL”) providers, and video provided over the Internet;
- general business conditions, economic uncertainty or downturn, high unemployment levels and the level of activity in the housing sector;
- our ability to obtain programming at reasonable prices or to raise prices to offset, in whole or in part, the effects of higher programming costs (including retransmission consents);
- the development and deployment of new products and technologies;
- the effects of governmental regulation on our business;
- the availability and access, in general, of funds to meet our debt obligations prior to or when they become due and to fund our operations and necessary capital expenditures, either through (i) cash on hand, (ii) free cash flow, or (iii) access to the capital or credit markets; and
- our ability to comply with all covenants in our indentures and credit facilities any violation of which, if not cured in a timely manner, could trigger a default of our other obligations under cross-default provisions.

All forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by this cautionary statement. We are under no duty or obligation to update any of the forward-looking statements after the date of this annual report.

## PART I

### Item 1. Business.

#### Introduction

We are among the largest providers of cable services in the United States, offering a variety of entertainment, information and communications solutions to residential and commercial customers. Our infrastructure consists of a hybrid of fiber and coaxial cable plant with approximately 12.1 million estimated passings, with 98% at 550 megahertz ("MHz") or greater and 98% of plant miles two-way active. A national Internet Protocol (IP) infrastructure interconnects Charter Communications, Inc. ("Charter") markets. See "Item 1. Business — Products and Services" for further description of these terms and services, including "customers."

As of December 31, 2012, we served approximately 5.4 million residential and commercial customers. We sell our video, Internet and telephone services primarily on a subscription basis, often in a bundle of two or more services, providing savings and convenience to our customers. Bundled services are available to approximately 98% of our passings, and approximately 62% of our customers subscribe to a bundle of services.

We served approximately 4.0 million residential video customers as of December 31, 2012, and approximately 87% of our video customers subscribed to digital video service. Digital video enables our customers to access advanced video services such as high definition ("HD") television, Charter OnDemand™ ("OnDemand") video programming, an interactive program guide and digital video recorder ("DVR") service.

We also served approximately 3.8 million residential Internet customers as of December 31, 2012. Our Internet service is available in a variety of download speeds up to 100 megabits per second ("Mbps") and upload speeds of up to 5 Mbps.

We provided telephone service to approximately 1.9 million residential customers as of December 31, 2012. Our telephone services typically include unlimited local and long distance calling to the U.S., Canada and Puerto Rico, plus other features, including voicemail, call waiting and caller ID.

Through Charter Business®, we provide scalable, tailored broadband communications solutions to business and carrier organizations, such as Internet access, data networking, fiber connectivity to cellular towers and office buildings, video entertainment services and business telephone services. As of December 31, 2012, we served approximately 467,000 commercial primary service units, primarily small- and medium-sized commercial customers. Our advertising sales division, Charter Media®, provides local, regional and national businesses with the opportunity to advertise in individual markets on cable television networks.

For the year ended December 31, 2012, we generated approximately \$7.5 billion in revenue, of which approximately 84% was generated from our residential video, Internet and telephone services. We also generated revenue from providing Internet, telephone and video services to commercial businesses and from the sale of advertising. Sales from residential Internet and commercial services have contributed to the majority of our recent revenue growth.

We have a history of net losses. Our net losses are principally attributable to insufficient revenue to cover the combination of operating expenses, interest expenses that we incur on our debt, depreciation expenses resulting from the capital investments we have made, and continue to make, in our cable properties, amortization expenses related to our customer relationship intangibles and non-cash taxes resulting from increases in our deferred tax liabilities.

Charter was organized as a Delaware corporation in 1999. On March 27, 2009, we and certain affiliates filed voluntary petitions in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"), to reorganize under Chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code"). The Chapter 11 cases were jointly administered under the caption In re Charter Communications, Inc., et al., Case No. 09-11435. On May 7, 2009, we filed a Joint Plan of Reorganization (the "Plan") and a related disclosure statement with the Bankruptcy Court. The Plan was confirmed by the Bankruptcy Court on November 17, 2009 (the "Confirmation Order"), and became effective on November 30, 2009 (the "Effective Date"), the date on which we emerged from protection under Chapter 11 of the Bankruptcy Code.

The terms "Charter," "we," "our" and "us," when used in this report with respect to the period prior to Charter's emergence from bankruptcy, are references to the Debtors ("Predecessor") and, when used with respect to the period commencing after Charter's emergence, are references to Charter ("Successor"). These references include the subsidiaries of Predecessor or Successor, as the case may be, unless otherwise indicated or the context requires otherwise.

Our principal executive offices are located at 400 Atlantic Street, 10th Floor, Stamford, Connecticut 06901. Our telephone number is (203) 905-7801, and we have a website accessible at [www.charter.com](http://www.charter.com). Our annual reports, quarterly reports and current reports on Form 8-K, and all amendments thereto, are available on our website free of charge as soon as reasonably practicable after they have been filed. The information posted on our website is not incorporated into this annual report.

#### **Recent Events**

In February 2013, we entered into a definitive agreement under which we will acquire Cablevision Systems Corporation's former Bresnan cable systems, known as Optimum West, for approximately \$1.6 billion in cash. Optimum West manages cable operating systems in Colorado, Montana, Wyoming and Utah that pass more than 660,000 homes and serve 304,000 video customers and 366,000 customer relationships. Charter Communications Operating, LLC ("Charter Operating") has obtained a commitment from two financial institutions to provide a \$1.5 billion term loan to fund a portion of the purchase price. The transaction is expected to close in the third quarter of 2013.



Holdings") and Charter Operating, had debt obligations as of December 31, 2012. For a description of the debt issued by these issuers please see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Description of Our Outstanding Debt."

## Products and Services

Through our hybrid fiber and coaxial cable network, we offer our customers traditional cable video services (basic and digital, which we refer to as "video" services), as well as advanced video services (such as OnDemand, HD television, and DVR service), Internet services and telephone services. Our telephone services are primarily provided using voice over Internet protocol ("VoIP") technology, to transmit digital voice signals over our systems. Our video, Internet, and telephone services are offered to residential and commercial customers on a subscription basis, with prices and related charges based on the types of service selected, whether the services are sold as a "bundle" or on an individual basis, and the equipment necessary to receive the services.

The following table summarizes our customer statistics for video, Internet and telephone as of December 31, 2012 and 2011.

	Approximate as of December 31,	
	2012 (a)	2011 (a)
<b>Residential</b>		
Video (b)	3,989	4,144
Internet (c)	3,785	3,492
Telephone (d)	1,914	1,791
<b>Residential PSUs (e)</b>	<b>9,688</b>	<b>9,427</b>
<b>Commercial</b>		
Video (f)	169	170
Internet (c)	193	163
Telephone (d)	105	79
<b>Commercial PSUs (e)</b>	<b>467</b>	<b>412</b>
<b>Residential ARPU</b>		
Video (g)	\$ 74	\$ 72
Internet (g)	\$ 42	\$ 42
Telephone (g)	\$ 37	\$ 41

(a) We calculate the aging of customer accounts based on the monthly billing cycle for each account. On that basis, at December 31, 2012 and 2011, customers include approximately 18,400 and 18,600 customers, respectively, whose accounts were over 60 days past due in payment, approximately 2,600 and 2,500 customers, respectively, whose accounts were over 90 days past due in payment, and approximately 1,700 and 1,400 customers, respectively, whose accounts were over 120 days past due in payment.

(b) "Video Customers" represent those customers who subscribe to our video services. Effective January 1, 2012, Charter revised its reporting of customers whereby customers residing in multi-dwelling residential structures are now included in residential video customers rather than commercial video customers. Further, residential video customers are no longer calculated on an EBU (see footnote (f)) basis but are based on separate billing relationships. The impact of these changes increased residential video customers and reduced commercial video customers, with an overall net decrease to total video customers. Prior periods were reclassified to conform to the 2012 presentation.

(c) "Internet customers" represent those customers who subscribe to our Internet service.

(d) "Telephone customers" represent those customers who subscribe to our telephone service.

(e) "Primary Service Units" or "PSUs" represent the total of video, Internet and telephone customers.

- (f) Included within commercial video customers are those in commercial structures, which are calculated on an equivalent bulk unit ("EBU") basis. We calculate EBUs by dividing the bulk price charged to accounts in an area by the published rate charged to non-bulk residential customers in that market for the comparable tier of service. This EBU method of estimating basic video customers is consistent with the methodology used in determining costs paid to programmers and is consistent with the methodology used by other multiple system operators ("MSOs"). As we increase our published video rates to residential customers without a corresponding increase in the prices charged to commercial service customers, our EBU count will decline even if there is no real loss in commercial service customers.
- (g) "Average Monthly Revenue Per Customer" or "ARPU" represents annual revenue for the service indicated, divided by twelve, divided by the average number of customers for the service indicated during the year.

### **Video Services**

In 2012, residential video services represented approximately 48% of our total revenues. Our video service offerings include the following:

- **Video.** All of our video customers receive a package of basic programming which generally consists of local broadcast television, local community programming, including governmental and public access, and limited satellite-delivered or non-broadcast channels, such as weather, shopping and religious programming. Our digital video services include a digital set-top box, an interactive electronic programming guide with parental controls, an expanded menu of digital tiers, premium and pay-per-view channels, including OnDemand (available nearly everywhere), digital quality music channels and the option to also receive a cable card. In addition to video programming, digital video service enables customers to receive our advanced video services such as DVRs and HD television. Premium channels provide original programming, commercial-free movies, sports, and other special event entertainment programming. Although we offer subscriptions to premium channels on an individual basis, we offer an increasing number of digital video and premium channel packages, and we offer premium channels combined with our advanced video services. Customers who purchase premium channels also have access to that programming OnDemand and increasingly over the Internet.
- **OnDemand, Subscription OnDemand and Pay-Per-View.** In most areas, we offer OnDemand service which allows customers to select from 10,000 titles at any time. OnDemand includes HD and three dimensional ("3D") content. OnDemand programming options may be accessed for a fee on a transactional basis or, in some cases, for no additional charge. OnDemand services may also be offered on a subscription basis included in a digital tier premium channel subscription or for a monthly fee. Pay-per-view channels allow customers to pay on a per event basis to view a single showing of a recently released movie, a one-time special sporting event, music concert, or similar event on a commercial-free basis.
- **High Definition Television.** HD television offers our digital customers certain video programming at a higher resolution to improve picture and audio quality versus standard basic or digital video images. We have invested in switched digital video ("SDV") technology and simulcast to increase the number of HD channels offered to more than 100 in substantially all of our markets.
- **Digital Video Recorder.** DVR service enables customers to digitally record programming and to pause and rewind live programming. Charter customers may lease multiple DVR set-top boxes to maximize recording capacity on multiple televisions in the home. Charter customers also have the ability to program their DVR's remotely via a website.
- **Online.** Online video offers our customers the ability to watch traditional TV content over the Internet from any Internet connection in the United States once they are authenticated as a Charter customer. Charter's online offerings include many of our largest and most popular networks and Charter intends to expand its online capabilities and to continue to add content in 2013. We also offer a free search and discovery tool which organizes video content already available online through Charter.net such as HBO Go and EPIX with online content from sites such as Netflix, Amazon and Hulu into a single online directory which, we believe, makes it easier for customers to find what they want regardless of the source.

### **Internet Services**

In 2012, residential Internet services represented approximately 25% of our total revenues. Approximately 94% of our estimated passings have DOCSIS 3.0 wideband technology, allowing us to offer multiple tiers of Internet services with speeds up to 100 Mbps download to our residential customers. Our Internet services also include our Internet portal, Charter.net, which provides multiple e-mail addresses, as well as variety of content and media from local, national and international providers including



entertainment, games, news and sports. Finally, Charter Security Suite is included with Charter Internet services and protects computers from viruses and spyware and provides parental control features.

Accelerated growth in the number of IP devices and bandwidth used in homes has created a need for faster speeds and greater reliability. Charter is focused on providing services to fill those needs. In 2012, we raised our base Internet speed offering to 30 Mbps download.

### **Telephone Services**

In 2012, residential telephone services represented approximately 11% of our total revenues. We provide voice communications services primarily using VoIP technology to transmit digital voice signals over our network. Charter Phone® includes unlimited nationwide calling, voicemail, call waiting, caller ID, call forwarding and other features. Charter Phone also provides international calling either by the minute or in a package of 250 minutes per month.

### **Commercial Services**

In 2012, commercial services represented approximately 9% of our total revenues. Commercial services offered through Charter Business, include scalable broadband communications solutions for businesses and carrier organizations of all sizes such as Internet access, data networking, fiber connectivity to cellular towers and office buildings, video entertainment services and business telephone services.

- **Small Business.** Charter offers small businesses (1 - 19 employees) services similar to our residential offerings including a full range of video programming tiers and music services, coax Internet speeds up to 100 Mbps downstream and up to 5 Mbps upstream in its DOCSIS 3.0 markets, a set of business cloud services including web hosting, e-mail and security, and multi-line telephone services with more than 30 business features including web-based service management.
- **Medium Business.** In addition to its other offerings, Charter also offers medium sized businesses (20-199 employees) more complex products such as fiber Internet with symmetrical speeds of up to 1 Gbps and voice trunking services such as Primary Rate Interface ("PRI") and Session Initiation Protocol ("SIP") Trunks which provide higher-capacity voice services. Charter also offers Metro Ethernet service that connects two or more locations for commercial customers with geographically dispersed locations with speeds up to 10 Gbps. Metro Ethernet service can also extend the reach of the customer's local area network or "LAN" within and between metropolitan areas.
- **Large Business.** Charter offers large businesses (200+ employees) with multiple sites more specialized solutions such as custom fiber networks, Metro and long haul Ethernet, PRI and SIP Trunk services.
- **Carrier Wholesale.** Charter offers high-capacity last-mile data connectivity services to wireless and wireline carriers, Internet Service Providers ("ISPs") and other competitive carriers on a wholesale basis.

### **Sale of Advertising**

In 2012, sales of advertising represented approximately 4% of our total revenues. We receive revenues from the sale of local advertising on satellite-delivered networks such as MTV®, CNN® and ESPN®. In any particular market, we generally insert local advertising on up to 40 channels. We also provide cross-channel advertising to some programmers. In addition, we sell advertising on our Internet portal, Charter.net. In most cases, the available advertising time is sold by our sales force, however in some cases, we enter into representation agreements with contiguous cable system operators under which another operator in the area will sell advertising on our behalf for a percentage of the revenue. In some markets, we sell advertising on behalf of other operators.

Charter has deployed Enhanced TV Binary Interchange Format ("EBIF") technology to set-top boxes in select service areas within the Charter footprint. EBIF is a technology foundation that will allow Charter to deliver enhanced and interactive television applications and enable our video customers to use their remote control to interact with their television programming and its advertisements. EBIF will enable Charter's customers to request such items as coupons, samples, and brochures from advertisers.

From time to time, certain of our vendors, including programmers and equipment vendors, have purchased advertising from us. For the years ending December 31, 2012, 2011 and 2010, we had advertising revenues from vendors of approximately \$59 million, \$51 million and \$46 million, respectively. These revenues resulted from purchases at market rates pursuant to binding agreements.

## Pricing of Our Products and Services

Our revenues are derived principally from the monthly fees customers pay for the services we provide. We typically charge a one-time installation fee which is sometimes waived or discounted during certain promotional periods. The prices we charge for our products and services vary based on the level of service the customer chooses and in some cases the geographic market. In accordance with FCC rules, the prices we charge for video cable-related equipment, such as set-top boxes and remote control devices, and for installation services, are based on actual costs plus a permitted rate of return in regulated markets.

In mid-2012, Charter launched a new pricing and packaging approach which emphasizes the triple play products of video, Internet and telephone services and combines our most popular services in core packages at a fair price. We believe the benefits of this new approach are:

- simplicity for both our customers in understanding our offers, and our employees in service delivery;
- the ability to package more services at the time of sale and include more product in each service, thus increasing revenue per customer;
- higher product offering quality through more HD channels, improved pricing for HD and HD/DVR equipment and faster Internet speeds; and
- lower expected churn as a result of higher customer satisfaction
- gradual price increases at the end of promotional periods.

As of December 31, 2012, approximately 30% of our customers are in the new pricing and packaging plan.

## Our Network Technology

Our network includes three components: the national backbone, regional/metro networks and the "last-mile" network. Both our national backbone and regional/metro network components utilize or plan to utilize a redundant Internet Protocol ("IP") ring/mesh architecture with the capability to differentiate quality of service for each residential or commercial product offering. The national backbone provides connectivity from the regional demarcation points to nationally centralized content, connectivity and services such as HD programming, voice interexchange points and Internet interexchange points. The regional/metro network components provide connectivity between the regional demarcation points and headends within a specific geographic area and enable the delivery of content and services between these network components.

Our last-mile network utilizes a traditional hybrid fiber coaxial cable ("HFC") architecture, which combines the use of fiber optic cable with coaxial cable. In most systems, we deliver our signals via fiber optic cable from the headend to a group of nodes, and use coaxial cable to deliver the signal from individual nodes to the homes served by that node. For our fiber Internet, Ethernet, carrier wholesale, SIP and PRI commercial customers, fiber optic cable is extended from the individual nodes all the way to the customer's site. On average, our system design enables up to 400 homes passed to be served by a single node and provides for six strands of fiber to each node, with two strands activated and four strands reserved for spares and future services. We believe that this hybrid network design provides high capacity and signal quality. The design also provides two-way signal capacity for the addition of further interactive services.

HFC architecture benefits include:

- bandwidth capacity to enable traditional and two-way video and broadband services;
- dedicated bandwidth for two-way services, which avoids return signal interference problems that can occur with two-way communication capability; and
- signal quality and high service reliability.

Approximately 98% of our estimated passings are served by systems that have bandwidth of 550 megahertz or greater and are two-way activated as of December 31, 2012. This bandwidth capacity enables us to offer digital television, Internet services, telephone services and other advanced video services.

As of December 31, 2012, we have deployed DOCSIS 3.0 wideband technology to 94% of our estimated passings allowing us to offer faster high-speed Internet service. We have also deployed SDV technology to accommodate the increasing demands for greater capacity in our network. SDV technology expands network capacity by transmitting only those digital and HD video channels that are being watched within a given grouping of homes at any given time, and allows us to expand bandwidth for additional services. As of December 31, 2012, 85% of our estimated passings received some portion of their video service via SDV technology. In 2013, we plan to begin a transition from analog to digital transmission of the channels we distribute which will allow us to recapture bandwidth and expand our video service offerings.

## **Management, Customer Care and Marketing**

Our operations are centralized with our corporate office responsible for coordinating and overseeing operations including establishing company-wide strategies, policies and procedures. Sales and marketing, network operations, field operations, customer care, engineering, advertising sales, human resources, legal, government relations, information technology and finance are all directed at the corporate level. Regional and local field operations are responsible for servicing customers and maintenance and construction of outside plant.

Charter continues to focus on improving the customer experience through improvements to our customer care processes, product offerings and the quality and reliability of our service. Our customer care centers are managed centrally. We have eight internal customer care locations which route calls to the appropriate agents, plus several third-party call center locations that through technology and procedures function as an integrated system. We intend to increase the portion of service calls handled by Charter employees in 2013. We also utilize our website to enable our customers to view and pay their bills online, obtain information regarding their account or services, and perform various equipment troubleshooting procedures. Our customers may also obtain support through our on-line chat and e-mail functionality. We increased our outside plant maintenance activities in 2012 to improve the reliability and technical quality of our plant to avoid repeat trouble calls, which has resulted in reductions in the number of service-related calls to our care centers and in the number of trouble call truck rolls in 2012 versus 2011.

Our marketing strategy emphasizes our bundled services through targeted direct response marketing programs to existing and potential customers and increases awareness and value of the Charter brand. Marketing expenditures increased by \$35 million, or 9%, over the year ended December 31, 2011 to \$422 million for the year ended December 31, 2012 as a result of increased media investment and commercial marketing efforts. Our marketing organization creates and executes marketing programs intended to increase customers, retain existing customers and cross-sell additional products to current customers. We monitor the effectiveness of our marketing efforts, customer perception, competition, pricing, and service preferences, among other factors, to increase our responsiveness to our customers. Our marketing organization also manages and directs several sales channels including direct sales, on-line, outbound telemarketing and Charter stores.

## **Programming**

### **General**

We believe that offering a wide variety of programming influences a customer's decision to subscribe to and retain our cable services. We rely on market research, customer demographics and local programming preferences to determine channel offerings in each of our markets. We obtain basic and premium programming from a number of suppliers, usually pursuant to written contracts. Our programming contracts generally continue for a fixed period of time, usually from three to eight years, and are subject to negotiated renewal. Some programming suppliers offer financial incentives to support the launch of a channel and/or ongoing marketing support. We also negotiate volume discount pricing structures. We have more recently negotiated for more content rights allowing us to provide programming on-line to our authenticated customers.

### **Costs**

Programming is usually made available to us for a license fee, which is generally paid based on the number of customers to whom we make such programming available. Programming costs are usually payable each month based on calculations performed by us and are generally subject to annual cost escalations and audits by the programmers. Programming license fees may include "volume" discounts available for higher numbers of customers, as well as discounts for channel placement or service penetration. Some channels are available without cost to us for a limited period of time, after which we pay for the programming. For home shopping channels, we receive a percentage of the revenue attributable to our customers' purchases, as well as, in some instances, incentives for channel placement.

Our programming costs have increased in every year we have operated in excess of customary inflationary and cost-of-living type increases. We expect them to continue to increase due to a variety of factors including amounts paid for retransmission consent, annual increases imposed by programmers with additional selling power as a result of media consolidation and additional programming, including new sports services and non-linear programming for on-line and OnDemand programming. In particular, sports programming costs have increased significantly over the past several years. In addition, contracts to purchase sports programming sometimes provide for optional additional games to be added to the service and made available on a surcharge basis during the term of the contract.

Federal law allows commercial television broadcast stations to make an election between “must-carry” rights and an alternative “retransmission-consent” regime. When a station opts for the retransmission-consent regime, we are not allowed to carry the station’s signal without the station’s permission. Continuing demands by owners of broadcast stations for cash payments at substantial increases over amounts paid in prior years in exchange for retransmission consent will likely increase our programming costs or require us to cease carriage of popular programming, potentially leading to a loss of customers in affected markets.

Over the past several years, increases in our video service rates have not fully offset increasing programming costs, and with the impact of increasing competition and other marketplace factors, we do not expect them to do so in the foreseeable future. Although we pass along a portion of amounts paid for retransmission consent to the majority of our customers, our inability to fully pass these programming cost increases on to our video customers has had and is expected in the future to have an adverse impact on our cash flow and operating margins associated with the video product. In order to mitigate reductions of our operating margins due to rapidly increasing programming costs, we continue to review our pricing and programming packaging strategies, and we plan to continue to migrate certain program services from our basic level of service to our digital tiers and limit the launch of non-essential, new networks.

We have programming contracts that have expired and others that will expire at or before the end of 2013. We will seek to renegotiate the terms of these agreements. There can be no assurance that these agreements will be renewed on favorable or comparable terms. To the extent that we are unable to reach agreement with certain programmers on terms that we believe are reasonable, we have been, and may in the future be, forced to remove such programming channels from our line-up, which may result in a loss of customers.

## **Franchises**

As of December 31, 2012, our systems operated pursuant to a total of approximately 3,100 franchises, permits, and similar authorizations issued by local and state governmental authorities. Such governmental authorities often must approve a transfer to another party. Most franchises are subject to termination proceedings in the event of a material breach. In addition, most franchises require us to pay the granting authority a franchise fee of up to 5.0% of revenues as defined in the various agreements, which is the maximum amount that may be charged under the applicable federal law. We are entitled to and generally do pass this fee through to the customer.

Prior to the scheduled expiration of most franchises, we generally initiate renewal proceedings with the granting authorities. This process usually takes three years but can take a longer period of time. The Communications Act of 1934, as amended (the “Communications Act”), which is the primary federal statute regulating interstate communications, provides for an orderly franchise renewal process in which granting authorities may not unreasonably withhold renewals. In connection with the franchise renewal process, many governmental authorities require the cable operator to make certain commitments, such as building out certain of the franchise areas, customer service requirements, and supporting and carrying public access channels. Historically we have been able to renew our franchises without incurring significant costs, although any particular franchise may not be renewed on commercially favorable terms or otherwise. If we failed to obtain renewals of franchises representing a significant number of our customers, it could have a material adverse effect on our consolidated financial condition, results of operations, or our liquidity, including our ability to comply with our debt covenants. See “— Regulation and Legislation — Video Services — Franchise Matters.”

## Markets

We operate in geographically diverse areas which are organized in regional clusters we call key market areas. These key market areas are managed centrally on a consolidated level. Our eleven key market areas and the customer relationships within each market as of December 31, 2012 are as follows (in thousands):

<b>Key Market Area</b>	<b>Total Customer Relationships</b>
California	565
Central States	573
Alabama/Georgia	605
Michigan	635
Minnesota/Nebraska	342
New England	351
Northwest	475
Carolinas	559
Tennessee/Louisiana	518
Texas	172
Wisconsin	565

## Competition

We face competition for both residential and commercial customers in the areas of price, service offerings, and service reliability. In our residential business, we compete with other providers of video, high-speed Internet access, telephone services, and other sources of home entertainment. In our commercial business, we compete with other providers of video, high-speed Internet access and related value-added services, fiber solutions, business telephony, and Ethernet services. We operate in a competitive business environment, which can adversely affect the results of our business and operations. We cannot predict the impact on us of broadband services offered by our competitors.

In terms of competition for customers, we view ourselves as a member of the broadband communications industry, which encompasses multi-channel video for television and related broadband services, such as high-speed Internet, telephone, and other interactive video services. In the broadband communications industry, our principal competitors for video services are direct broadcast satellite (“DBS”) and telephone companies that offer video services. Our principal competitors for high-speed Internet services are the broadband services provided by telephone companies, including both traditional DSL, fiber-to-the-node, and fiber-to-the-home offerings. Our principal competitors for telephone services are established telephone companies, other telephone service providers, and other carriers, including VoIP providers. At this time, we do not consider other cable operators to be significant competitors in our overall market, as overbuilds are infrequent and geographically spotty (although in any particular market, a cable operator overbuilder would likely be a significant competitor at the local level). We could, however, face additional competition from multi-channel video providers if they began distributing video over the Internet to customers residing outside their current territories.

Our key competitors include:

### **DBS**

Direct broadcast satellite is a significant competitor to cable systems. The two largest DBS providers now serve more than 34 million subscribers nationwide. DBS service allows the subscriber to receive video services directly via satellite using a dish antenna.

Video compression technology and high powered satellites allow DBS providers to offer more than 280 digital channels, thereby surpassing the traditional analog cable system. In 2012, major DBS competitors offered a greater variety of channel packages, and were especially competitive with promotional pricing for more basic services. While we continue to believe that the initial investment by a DBS customer exceeds that of a cable customer, the initial equipment cost for DBS has decreased substantially, as the DBS providers have aggressively marketed offers to new customers of incentives for discounted or free equipment, installation, and multiple units. DBS providers are able to offer service nationwide and are able to establish a national image and

branding with standardized offerings, which together with their ability to avoid franchise fees of up to 5% of revenues and property tax, leads to greater efficiencies and lower costs in the lower tiers of service. Also, DBS providers are currently offering more HD programming. However, we believe that cable-delivered OnDemand and Subscription OnDemand services, which include HD programming, are superior to DBS service, because cable headends can provide two-way communication to deliver many titles which customers can access and control independently, whereas DBS technology can only make available a much smaller number of titles with DVR-like customer control. DBS providers have also made attempts at deployment of Internet access services via satellite, but those services have been technically constrained and of limited appeal.

### ***Telephone Companies and Utilities***

Incumbent telephone companies, including AT&T Inc. ("AT&T") and Verizon Communications, Inc. ("Verizon"), offer video and other services in competition with us, and we expect they will increasingly do so in the future. These companies are able to offer two-way video, data services and provide digital voice services similar to ours in various portions of their networks. In the case of Verizon, high-speed data services (fiber optic service ("FiOS")) offer speeds as high as or higher than ours. In addition, these companies continue to offer their traditional telephone services, as well as service bundles that include wireless voice services provided by affiliated companies. Based on internal estimates, we believe that AT&T and Verizon are offering video services in areas serving approximately 30% and 4%, respectively, of our estimated passings and we have experienced customer losses in these areas. AT&T and Verizon have also launched campaigns to capture more of the multiple dwelling unit ("MDU") market. AT&T has publicly stated that it expects to roll out its video product beyond the territories currently served although it is unclear where and to what extent. When AT&T or Verizon have expanded their offering of video products, we have seen a decrease in our video revenue as AT&T and Verizon typically roll out aggressive marketing and discounting campaigns to launch their products.

In addition to incumbent telephone companies obtaining franchises or alternative authorizations in some areas, and seeking them in others, they have been successful through various means in reducing or streamlining the franchising requirements applicable to them. They have had significant success at the federal and state level in securing FCC rulings and numerous statewide franchise laws that facilitate telephone company entry into the video marketplace. Because telephone companies have been successful in avoiding or reducing franchise and other regulatory requirements that remain applicable to cable operators like us, their competitive posture has often been enhanced. The large scale entry of incumbent telephone companies as direct competitors in the video marketplace has adversely affected the profitability and valuation of our cable systems.

Most telephone companies, including AT&T, Verizon and CenturyLink, which already have plant, an existing customer base, and other operational functions in place (such as billing and service personnel), offer Internet access via traditional DSL service. DSL service allows Internet access to subscribers at data transmission speeds greater than those formerly available over conventional telephone lines. We believe DSL service is an alternative to our high-speed Internet service and is often offered at prices lower than our Internet services, although typically at speeds lower than the speeds we offer. DSL providers may currently be in a better position to offer telephone and data services to businesses since their networks tend to be more complete in commercial areas. We expect DSL to remain a significant competitor to our high-speed Internet services.

Many large telephone companies also provide fiber-to-the-node or fiber-to-the-home services in select areas of their footprints. Fiber-to-the-node networks can provide faster Internet speeds than conventional DSL, but still cannot typically match our Internet speeds. Our primary fiber-to-the-node competitor is AT&T's U-verse. The competition from U-verse is expected to intensify over time as AT&T completes the expansion plans announced in late 2012. Fiber-to-the-home networks, however, can provide Internet speeds equal to or greater than Charter's current Internet speeds. Verizon's FiOS is the primary fiber-to-the-home competitor.

Our telephone service competes directly with incumbent telephone companies and other carriers, including Internet-based VoIP providers, for both residential and commercial voice service customers. Because we offer voice services, we are subject to considerable competition from such companies and other telecommunications providers, including wireless providers with an increasing number of consumers choosing wireless over wired telephone services. The telecommunications and voice services industry is highly competitive and includes competitors with greater financial and personnel resources, strong brand name recognition, and long-standing relationships with regulatory authorities and customers. Moreover, mergers, joint ventures and alliances among our competitors have resulted in providers capable of offering cable television, Internet, and telephone services in direct competition with us.

Additionally, we are subject to limited competition from utilities that possess fiber optic transmission lines capable of transmitting signals with minimal signal distortion. Certain utilities are also developing broadband over power line technology, which may allow the provision of Internet and other broadband services to homes and offices.

### ***Traditional Overbuilds***

Cable systems are operated under non-exclusive franchises historically granted by state and local authorities. More than one cable system may legally be built in the same area. Franchising authorities may grant a second franchise to another cable operator that may contain terms and conditions more favorable than those afforded us. Well-financed businesses from outside the cable industry, such as public utilities that already possess fiber optic and other transmission lines in the areas they serve, have in some cases become competitors. There are a number of cities that have constructed their own cable systems, in a manner similar to city-provided utility services. There also has been interest in traditional cable overbuilds by private companies not affiliated with established local exchange carriers. Constructing a competing cable system is a capital intensive process which involves a high degree of risk. We believe that in order to be successful, a competitor's overbuild would need to be able to serve the homes and businesses in the overbuilt area with equal or better service quality, on a more cost-effective basis than we can. Any such overbuild operation would require access to capital or access to facilities already in place that are capable of delivering cable television programming. We cannot predict the extent to which additional overbuild situations may occur.

### ***Broadcast Television***

Cable television has long competed with broadcast television, which consists of television signals that the viewer is able to receive without charge using an "off-air" antenna. The extent of such competition is dependent upon the quality and quantity of broadcast signals available through "off-air" reception, compared to the services provided by the local cable system. Traditionally, cable television has provided higher picture quality and more channel offerings than broadcast television. However, the recent licensing of digital spectrum by the FCC now provides traditional broadcasters with the ability to deliver HD television pictures and multiple digital-quality program streams, as well as advanced digital services such as subscription video and data transmission.

### ***Internet Delivered Video***

Internet access facilitates the streaming of video, including movies and television shows, into homes and businesses. Increasingly, content owners are using Internet-based delivery of content directly to consumers, some without charging a fee to access the content. Further, due to consumer electronic innovations, consumers are able to watch such Internet-delivered content on televisions, personal computers, tablets, gaming boxes connected to televisions and mobile devices. We believe some customers have chosen to receive video over the Internet rather than through our VOD and premium video services, thereby reducing our video revenues. We can not predict the impact that Internet delivered video will have on our revenues and adjusted EBITDA as technologies continue to evolve.

### ***Private Cable***

Additional competition is posed by satellite master antenna television systems, or SMATV systems, serving MDUs, such as condominiums, apartment complexes, and private residential communities. Private cable systems can offer improved reception of local television stations, and many of the same satellite-delivered program services that are offered by cable systems. Although disadvantaged from a programming cost perspective, SMATV systems currently benefit from operating advantages not available to franchised cable systems, including fewer regulatory burdens and no requirement to service low density or economically depressed communities. The FCC previously adopted regulations that favor SMATV and private cable operators serving MDU complexes, allowing them to continue to secure exclusive contracts with MDU owners. This regulatory disparity provides a competitive advantage to certain of our current and potential competitors.

### ***Other Competitors***

Local wireless Internet services operate in some markets using available unlicensed radio spectrum. Various wireless phone companies are now offering third and fourth generation (3G and 4G) wireless high-speed Internet services. In addition, a growing number of commercial areas, such as retail malls, restaurants and airports, offer Wi-Fi Internet service. Numerous local governments are also considering or actively pursuing publicly subsidized Wi-Fi and WiMAX Internet access networks. Operators are also marketing PC cards and "personal hotspots" offering wireless broadband access to their cellular networks. These service options offer another alternative to cable-based Internet access.

### ***Regulation and Legislation***

The following summary addresses the key regulatory and legislative developments affecting the cable industry and our three primary services for both residential and commercial customers: video service, Internet service, and telephone service. Cable system operations are extensively regulated by the federal government (primarily the FCC), certain state governments, and many local governments. A failure to comply with these regulations could subject us to substantial penalties. Our business can be

dramatically impacted by changes to the existing regulatory framework, whether triggered by legislative, administrative, or judicial rulings. Congress and the FCC have frequently revisited the subject of communications regulation and they are likely to do so again in the future. We could be materially disadvantaged in the future if we are subject to new regulations that do not equally impact our key competitors. We cannot provide assurance that the already extensive regulation of our business will not be expanded in the future.

## **Video Service**

**Cable Rate Regulation.** Federal regulations currently restrict the prices that cable systems charge for the minimum level of video programming service, referred to as “basic service,” and associated equipment. All other video service offerings are now universally exempt from rate regulation. Although basic service rate regulation operates pursuant to a federal formula, local governments, commonly referred to as local franchising authorities, are primarily responsible for administering this regulation. The majority of our local franchising authorities have never been certified to regulate basic service cable rates (and order rate reductions and refunds), but they generally retain the right to do so (subject to potential regulatory limitations under state franchising laws), except in those specific communities facing “effective competition,” as defined under federal law. We have secured FCC recognition of effective competition, and become rate deregulated in many of our communities.

There have been frequent calls to impose expanded rate regulation on the cable industry. Confronted with rapidly increasing cable programming costs, it is possible that Congress may adopt new constraints on the retail pricing or packaging of cable programming. For example, there has been legislative and regulatory interest in requiring cable operators to offer historically combined programming services on an à la carte basis. Any such mandate could adversely affect our operations.

Federal rate regulations include certain marketing restrictions that could affect our pricing and packaging of service tiers and equipment. As we attempt to respond to a changing marketplace with competitive pricing practices, we may face regulations that impede our ability to compete.

**Must Carry/Retransmission Consent.** There are two alternative legal methods for carriage of local broadcast television stations on cable systems. Federal “must carry” regulations require cable systems to carry local broadcast television stations upon the request of the local broadcaster. Alternatively, federal law includes “retransmission consent” regulations, by which popular commercial television stations can prohibit cable carriage unless the cable operator first negotiates for “retransmission consent,” which may be conditioned on significant payments or other concessions. Either option has a potentially adverse effect on our business by utilizing bandwidth capacity. In addition, popular stations invoking “retransmission consent” have been demanding substantial compensation increases in their negotiations with cable operators.

Additional government-mandated broadcast carriage obligations could disrupt existing programming commitments, interfere with our preferred use of limited channel capacity, and limit our ability to offer services that appeal to our customers and generate revenues.

**Access Channels.** Local franchise agreements often require cable operators to set aside certain channels for public, educational, and governmental access programming. Federal law also requires cable systems to designate a portion of their channel capacity for commercial leased access by unaffiliated third parties, who may offer programming that our customers do not particularly desire. The FCC adopted new rules in 2007 mandating a significant reduction in the rates that operators can charge commercial leased access users and imposing additional administrative requirements that would be burdensome on the cable industry. The effect of the FCC's new rules was stayed by a federal court, pending a cable industry appeal and an adverse finding by the Office of Management and Budget. Under federal statute, commercial leased access programmers are entitled to use up to 15% of a cable system's capacity. Although commercial leased access activity historically has been relatively limited, increased activity in this area could further burden the channel capacity of our cable systems, and potentially limit the amount of services we are able to offer and may necessitate further investments to expand our network capacity.

**Ownership Restrictions.** Federal regulation of the communications field traditionally included a host of ownership restrictions, which limited the size of certain media entities and restricted their ability to enter into competing enterprises. Through a series of legislative, regulatory, and judicial actions, most of these restrictions have been either eliminated or substantially relaxed. Changes in this regulatory area could alter the business environment in which we operate.

**Pole Attachments.** The Communications Act requires most utilities owning utility poles to provide cable systems with access to poles and conduits and simultaneously subjects the rates charged for this access to either federal or state regulation. In 2011, the FCC amended its existing pole attachment rules to promote broadband deployment. The order maintains the basic rate formula applicable to “cable” attachments, but reduces the rate formula previously applicable to “telecommunications” attachments to make it roughly equivalent to the more favorable “cable” attachment rate. The new order maintains the status quo treatment of



cable-provided VoIP service as an unclassified service eligible for the favorable cable rate, but the issue has not been fully resolved by the FCC, and a change in classification could adversely impact our pole attachment rates. The order allows for new penalties in certain cases involving unauthorized attachments, but it generally strengthens the cable industry's ability to access investor-owned utility poles on reasonable rates, terms, and conditions. Several electric utilities have, however, sought review of the new order at the FCC and in the D.C. Circuit Court of Appeals. The outcome of these cases could impact the pole attachment rates we pay utility companies.

**Cable Equipment.** In 1996, Congress enacted a statute requiring the FCC to adopt regulations designed to assure the development of an independent retail market for "navigation devices," such as cable set-top boxes. As a result, the FCC generally requires cable operators to make a separate offering of security modules (i.e., a "CableCARD") that can be used with retail navigation devices, and to use these separate security modules even in their own set-top boxes. The FCC commenced a proceeding in 2010 to adopt standards for a successor technology to CableCARD that would involve the development of smart video devices that are compatible with any multichannel video programming distributor service in the United States. The FCC also adopted new rules requiring additional support for retail navigation devices. The new rules require cable operators to allow customers to self-install CableCARDs. They also require cable operators to provide and advertise a reasonable discount if subscribers use their own equipment, rather than using the operator-provided equipment otherwise included in a bundled package. In January 2013, the United States Court of Appeals for the District of Columbia vacated certain CableCARD-related rules. In connection with our pending request for waiver to deploy set-top boxes equipped for downloadable security without a CableCARD, we have committed to continue to support CableCARDs and to follow the CableCARD-related rules that were struck down by the Court of Appeals for the District of Columbia. Grant of this waiver could reduce the equipment costs for the transition to all-digital.

**MDUs / Inside Wiring.** The FCC has adopted a series of regulations designed to spur competition to established cable operators in MDU complexes. These regulations allow our competitors to access certain existing cable wiring inside MDUs. The FCC also adopted regulations limiting the ability of established cable operators, like us, to enter into exclusive service contracts for MDU complexes. In their current form, the FCC's regulations in this area favor our competitors.

**Privacy and Information Security Regulation.** The Communications Act limits our ability to collect and disclose subscribers' personally identifiable information for our video, telephone, and high-speed Internet services, as well as provides requirements to safeguard such information. We are subject to additional federal, state, and local laws and regulations that impose additional subscriber and employee privacy restrictions. Further, the FCC, FTC, and many states regulate and restrict the marketing practices of cable operators, including telemarketing and online marketing efforts. Various federal agencies, including the FTC, are now considering new restrictions affecting the use of personal and profiling data for online advertising.

Our operations are also subject to federal and state laws governing information security, including rules requiring customer notification in the event of an information security breach. Congress is considering the adoption of new data security and cybersecurity legislation that could result in additional network and information security requirements for our business.

**Other FCC Regulatory Matters.** FCC regulations cover a variety of additional areas, including, among other things: (1) equal employment opportunity obligations; (2) customer service standards; (3) technical service standards; (4) mandatory blackouts of certain network, syndicated and sports programming; (5) restrictions on political advertising; (6) restrictions on advertising in children's programming; (7) closed captioning of video programming; (8) licensing of systems and facilities; (9) maintenance of public files; (10) emergency alert systems; and (11) disability access, including new requirements governing video-description and closed-captioning. Each of these regulations restricts our business practices to varying degrees.

It is possible that Congress or the FCC will expand or modify its regulation of cable systems in the future, and we cannot predict at this time how that might impact our business.

**Copyright.** Cable systems are subject to a federal copyright compulsory license covering carriage of television and radio broadcast signals. The possible modification or elimination of this compulsory copyright license is the subject of continuing legislative and administrative review and could adversely affect our ability to obtain desired broadcast programming. Pursuant to the Satellite Television Extension and Localism Act of 2010 ("STELA"), the Copyright Office, the Government Accountability Office and the FCC all issued reports to Congress in 2011 that generally support an eventual phase-out of the compulsory licenses, although they also acknowledge the potential adverse impact on cable subscribers and the absence of any clear marketplace alternative to the compulsory license. If adopted, a phase-out plan could adversely affect our ability to obtain certain programming and substantially increase our programming costs. STELA also establishes a new audit mechanism for copyright owners to review compulsory copyright filings, which the Copyright Office is still in the process of implementing.

Copyright clearances for non-broadcast programming services are arranged through private negotiations. Cable operators also must obtain music rights for locally originated programming and advertising from the major music performing rights organizations.

These licensing fees have been the source of litigation in the past, and we cannot predict with certainty whether license fee disputes may arise in the future.

**Franchise Matters.** Cable systems generally are operated pursuant to nonexclusive franchises granted by a municipality or other state or local government entity in order to utilize and cross public rights-of-way. Cable franchises generally are granted for fixed terms and in many cases include monetary penalties for noncompliance and may be terminable if the franchisee fails to comply with material provisions. The specific terms and conditions of cable franchises vary significantly between jurisdictions. Cable franchises generally contain provisions governing cable operations, franchise fees, system construction, maintenance, technical performance, customer service standards, and changes in the ownership of the franchisee. A number of states subject cable systems to the jurisdiction of centralized state government agencies, such as public utility commissions. Although local franchising authorities have considerable discretion in establishing franchise terms, certain federal protections benefit cable operators. For example, federal law caps local franchise fees and includes renewal procedures designed to protect incumbent franchisees from arbitrary denials of renewal. Even if a franchise is renewed, however, the local franchising authority may seek to impose new and more onerous requirements as a condition of renewal. Similarly, if a local franchising authority's consent is required for the purchase or sale of a cable system, the local franchising authority may attempt to impose more burdensome requirements as a condition for providing its consent.

The traditional cable franchising regime has recently undergone significant change as a result of various federal and state actions. The FCC has adopted rules that streamline entry for new competitors (particularly those affiliated with telephone companies) and reduce certain franchising burdens for these new entrants. The FCC adopted more modest relief for existing cable operators.

At the same time, a substantial number of states have adopted new franchising laws. Again, these laws were principally designed to streamline entry for new competitors, and they often provide advantages for these new entrants that are not immediately available to existing cable operators. In many instances, these franchising regimes do not apply to established cable operators until the existing franchise expires or a competitor directly enters the franchise territory. The exact nature of these state franchising laws, and their varying application to new and existing video providers, will impact our franchising obligations and our competitive position.

### **Internet Service**

In 2010, the FCC adopted new "net neutrality" rules that it deemed necessary to ensure continuation of an "open" Internet that is not unduly restricted by network "gatekeepers," which went into effect in November 2011. The new rules are based on three core principles of: (1) transparency, (2) no blocking, and (3) no unreasonable discrimination. The rules permit broadband service providers to exercise "reasonable network management" for legitimate management purposes, such as management of congestion, harmful traffic, and network security. The rules also provide broadband service providers with the flexibility to engage in usage-based billing, and permit broadband service providers to offer additional specialized services such as facilities-based IP voice services, without being subject to restrictions on discrimination. Although the rules encompass both wireline providers (like us) and wireless providers, the rules are less stringent with regard to wireless providers. Verizon and other parties have filed for additional FCC review, as well as filing an appeal challenging the FCC's authority to issue such rules, which will be heard by the U.S. Court of Appeals for the D.C. Circuit. For now, the FCC will enforce these rules based on case-by-case complaints. Because many of the requirements are vague and because the FCC has not provided clear guidance on implementation, it is unclear how the FCC will enforce its rules and adjudicate any related complaints. The FCC's new rules, if they withstand challenges, as well as any additional legislation or regulation, could impose new obligations and restraints on high-speed Internet providers. Any such rules or statutes could limit our ability to manage our cable systems to obtain value for use of our cable systems and respond to operational and competitive challenges.

As the Internet has matured, it has become the subject of increasing regulatory interest. Congress and federal regulators have adopted a wide range of measures directly or potentially affecting Internet use, including, for example, consumer privacy, copyright protections, defamation liability, taxation, obscenity, and unsolicited commercial e-mail. Our Internet services are subject to the Communications Assistance for Law Enforcement Act ("CALEA") requirements regarding law enforcement surveillance. Content owners are now seeking additional legal mechanisms to combat copyright infringement over the Internet. Pending and future legislation in this area could adversely affect our operations as an Internet service provider and our relationship with our Internet customers. Additionally, the FCC and Congress are considering subjecting Internet access services to the Universal Service funding requirements. These funding requirements could impose significant new costs on our high-speed Internet service. State and local governmental organizations have also adopted Internet-related regulations. These various governmental jurisdictions are also considering additional regulations in these and other areas, such as privacy, pricing, service and product quality, and taxation. The adoption of new Internet regulations or the adaptation of existing laws to the Internet could adversely affect our business.

## Telephone Service

The Telecommunications Act of 1996 created a more favorable regulatory environment for us to provide telecommunications and/or competitive voice services than had previously existed. In particular, it established requirements ensuring that competitive telephone companies could interconnect their networks with those providers of traditional telecommunications services to open the market to competition. The FCC has subsequently ruled that competitive telephone companies that support VoIP services, such as those we offer our customers, are entitled to interconnection with incumbent providers of traditional telecommunications services, which ensures that our VoIP services can compete in the market. On November 18, 2011, the FCC released an order significantly changing the rules governing intercarrier compensation payments for the origination and termination of telephone traffic between carriers. The new rules will result in a substantial decrease in intercarrier compensation payments over a multi-year period. We received intercarrier compensation of approximately \$19 million and \$23 million in 2012 and 2011, respectively. The decreases over the multi-year transition will affect both the amounts that Charter pays to other carriers and the amounts that Charter receives from other carriers. The schedule and magnitude of these decreases, however, will vary depending on the nature of the carriers and the telephone traffic at issue, and the FCC's new ruling initiates further implementation rulemakings. We cannot yet predict with certainty the balance of the impact on Charter's revenues and expenses for voice services at particular times over this multi-year period.

Further regulatory changes are being considered that could impact our telephone business and that of our primary telecommunications competitors. The FCC and state regulatory authorities are considering, for example, whether certain common carrier regulations traditionally applied to incumbent local exchange carriers should be modified or reduced, and the extent to which common carrier requirements should be extended to VoIP providers. The FCC has already determined that certain providers of telephone services using Internet Protocol technology must comply with requirements relating to 911 emergency services ("E911"), the Communications Assistance for Law Enforcement Act ("CALEA") regarding law enforcement surveillance of communications, Universal Service Fund contribution, customer privacy and Customer Proprietary Network Information issues, number portability, disability access, regulatory fees, and discontinuance of service. In March 2007, a federal appeals court affirmed the FCC's decision concerning federal regulation of certain VoIP services, but declined to specifically find that VoIP service provided by cable companies, such as we provide, should be regulated only at the federal level. As a result, some states have begun proceedings to subject cable VoIP services to state level regulation. Although we have registered with, or obtained certificates or authorizations from, the FCC and the state regulatory authorities in those states in which we offer competitive voice services in order to ensure the continuity of our services and to maintain needed network interconnection arrangements, it is unclear whether and how these and other ongoing regulatory matters ultimately will be resolved.

## Employees

As of December 31, 2012, we had approximately 17,800 full-time equivalent employees. At December 31, 2012, approximately 60 of our employees were represented by collective bargaining agreements. We have never experienced a work stoppage.

### Item 1A. Risk Factors.

#### Risks Related to Our Indebtedness

*We have a significant amount of debt and may incur significant additional debt, including secured debt, in the future, which could adversely affect our financial health and our ability to react to changes in our business.*

We have a significant amount of debt and may (subject to applicable restrictions in our debt instruments) incur additional debt in the future. As of December 31, 2012, our total principal amount of debt was approximately \$12.9 billion.

Our significant amount of debt could have consequences, such as:

- impact our ability to raise additional capital at reasonable rates, or at all;
- make us vulnerable to interest rate increases, because approximately 13% of our borrowings are, and may continue to be, subject to variable rates of interest;
- expose us to increased interest expense to the extent we refinance existing debt, particularly our bank debt, with higher cost debt;
- require us to dedicate a significant portion of our cash flow from operating activities to make payments on our debt, reducing our funds available for working capital, capital expenditures, and other general corporate expenses;
- limit our flexibility in planning for, or reacting to, changes in our business, the cable and telecommunications industries, and the economy at large;
- place us at a disadvantage compared to our competitors that have proportionately less debt; and

- adversely affect our relationship with customers and suppliers.

If current debt amounts increase, the related risks that we now face will intensify.

***The agreements and instruments governing our debt contain restrictions and limitations that could significantly affect our ability to operate our business, as well as significantly affect our liquidity.***

Our credit facilities and the indentures governing our debt contain a number of significant covenants that could adversely affect our ability to operate our business, our liquidity, and our results of operations. These covenants restrict, among other things, our and our subsidiaries' ability to:

- incur additional debt;
- repurchase or redeem equity interests and debt;
- issue equity;
- make certain investments or acquisitions;
- pay dividends or make other distributions;
- dispose of assets or merge;
- enter into related party transactions; and
- grant liens and pledge assets.

Additionally, the Charter Operating credit facilities require Charter Operating to comply with a maximum total leverage covenant and a maximum first lien leverage covenant. The breach of any covenants or obligations in our indentures or credit facilities, not otherwise waived or amended, could result in a default under the applicable debt obligations and could trigger acceleration of those obligations, which in turn could trigger cross defaults under other agreements governing our long-term indebtedness. In addition, the secured lenders under the Charter Operating credit facilities and the secured lenders under the CCO Holdings credit facility could foreclose on their collateral, which includes equity interests in our subsidiaries, and exercise other rights of secured creditors.

***We depend on generating sufficient cash flow to fund our debt obligations, capital expenditures, and ongoing operations.***

We are dependent on our cash on hand and cash flow from operations to fund our debt obligations, capital expenditures and ongoing operations.

Our ability to service our debt and to fund our planned capital expenditures and ongoing operations will depend on our ability to continue to generate cash flow and our access (by dividend or otherwise) to additional liquidity sources at the applicable obligor. Our ability to continue to generate cash flow is dependent on many factors, including:

- our ability to sustain and grow revenues and cash flow from operations by offering video, Internet, telephone, advertising and other services to residential and commercial customers, to adequately meet the customer experience demands in our markets and to maintain and grow our customer base, particularly in the face of increasingly aggressive competition, the need for innovation and the related capital expenditures and the difficult economic conditions in the United States;
- the impact of competition from other market participants, including but not limited to incumbent telephone companies, direct broadcast satellite operators, wireless broadband and telephone providers, DSL providers and video provided over the Internet;
- general business conditions, economic uncertainty or downturn, high unemployment levels and the level of activity in the housing sector;
- our ability to obtain programming at reasonable prices or to raise prices to offset, in whole or in part, the effects of higher programming costs (including retransmission consents);
- the development and deployment of new products and technologies; and
- the effects of governmental regulation on our business.

Some of these factors are beyond our control. If we are unable to generate sufficient cash flow or we are unable to access additional liquidity sources, we may not be able to service and repay our debt, operate our business, respond to competitive challenges, or fund our other liquidity and capital needs.

***Restrictions in our subsidiaries' debt instruments and under applicable law limit their ability to provide funds to us and our subsidiaries that are debt issuers.***

Our primary assets are our equity interests in our subsidiaries. Our operating subsidiaries are separate and distinct legal entities and are not obligated to make funds available to their debt issuer holding companies for payments on our notes or other obligations in the form of loans, distributions, or otherwise. Charter Operating's ability to make distributions to us or CCO Holdings, our other primary debt issuer, to service debt obligations is subject to its compliance with the terms of its credit facilities, and restrictions under applicable law. See "Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Limitations on Distributions" and "— Summary of Restrictive Covenants of Our Notes – Restrictions on Distributions." Under the Delaware Limited Liability Company Act (the "Act"), our subsidiaries may only make distributions if the relevant entity has "surplus" as defined in the Act. Under fraudulent transfer laws, our subsidiaries may not pay dividends if the relevant entity is insolvent or is rendered insolvent thereby. The measures of insolvency for purposes of these fraudulent transfer laws vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, an entity would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all its assets;
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts as they became due.

While we believe that our relevant subsidiaries currently have surplus and are not insolvent, these subsidiaries may become insolvent in the future. Our direct or indirect subsidiaries include the borrowers under the CCO Holdings credit facility and the borrowers and guarantors under the Charter Operating credit facilities. CCO Holdings is also an obligor under its senior notes. As of December 31, 2012, our total principal amount of debt was approximately \$12.9 billion.

In the event of bankruptcy, liquidation, or dissolution of one or more of our subsidiaries, that subsidiary's assets would first be applied to satisfy its own obligations, and following such payments, such subsidiary may not have sufficient assets remaining to make payments to its parent company as an equity holder or otherwise. In that event:

- the lenders under CCO Holdings' credit facility and Charter Operating's credit facilities, whose interests are secured by substantially all of our operating assets, and all holders of other debt of CCO Holdings and Charter Operating, will have the right to be paid in full before us from any of our subsidiaries' assets; and
- Charter and CCH I, the holders of preferred membership interests in our subsidiary, CC VIII, would have a claim on a portion of CC VIII's assets that may reduce the amounts available for repayment to holders of CCO Holdings' outstanding notes.

***All of our outstanding debt is subject to change of control provisions. We may not have the ability to raise the funds necessary to fulfill our obligations under our indebtedness following a change of control, which would place us in default under the applicable debt instruments.***

We may not have the ability to raise the funds necessary to fulfill our obligations under our notes and our credit facilities following a change of control. Under the indentures governing our notes and the CCO Holdings credit facility, upon the occurrence of specified change of control events, CCO Holdings is required to offer to repurchase all of its outstanding notes and the debt under its credit facility. However, we may not have sufficient access to funds at the time of the change of control event to make the required repurchase of the applicable notes and the debt under the CCO Holdings credit facility, and Charter Operating is limited in its ability to make distributions or other payments to CCO Holdings to fund any required repurchase. In addition, a change of control under the Charter Operating credit facilities would result in a default under those credit facilities. Because such credit facilities are obligations of Charter Operating, the credit facilities would have to be repaid before Charter Operating's assets could be available to CCO Holdings to repurchase their notes. Any failure to make or complete a change of control offer would place CCO Holdings in default under its notes and credit facility. The failure of our subsidiaries to make a change of control offer or repay the amounts accelerated under their notes and credit facilities would place them in default.

## **Risks Related to Our Business**

***We operate in a very competitive business environment, which affects our ability to attract and retain customers and can adversely affect our business and operations.***

The industry in which we operate is highly competitive and has become more so in recent years. In some instances, we compete against companies with fewer regulatory burdens, better access to financing, greater personnel resources, greater resources for

marketing, greater and more favorable brand name recognition, and long-established relationships with regulatory authorities and customers. Increasing consolidation in the cable industry and the repeal of certain ownership rules have provided additional benefits to certain of our competitors, either through access to financing, resources, or efficiencies of scale. We could also face additional competition from multi-channel video providers if they began distributing video over the Internet to customers residing outside their current territories.

Our principal competitors for video services throughout our territory are DBS providers. The two largest DBS providers are DirecTV and DISH Network. Competition from DBS, including intensive marketing efforts with aggressive pricing, exclusive programming and increased HD broadcasting has had an adverse impact on our ability to retain customers. DBS companies have also expanded their activities in the MDU market.

Telephone companies, including two major telephone companies, AT&T and Verizon, offer video and other services in competition with us, and we expect they will increasingly do so in the future. Upgraded portions of these networks carry two-way video, data services and provide digital voice services similar to ours. In the case of Verizon, FIOS high-speed data services offer speeds as high as or higher than ours. In addition, these companies continue to offer their traditional telephone services, as well as service bundles that include wireless voice services provided by affiliated companies. Based on our internal estimates, we believe that AT&T and Verizon are offering video services in areas serving approximately 30% and 4%, respectively, of our estimated passings and we have experienced customer losses in these areas. AT&T and Verizon have also launched campaigns to capture more of the MDU market. AT&T has publicly stated that it expects to roll out its video product beyond the territories currently served although it is unclear where and to what extent. When AT&T or Verizon have expanded their offering of video products, we have seen a decrease in our video revenue as AT&T and Verizon typically roll out aggressive marketing and discounting campaigns to launch their products.

With respect to our Internet access services, we face competition, including intensive marketing efforts and aggressive pricing, from telephone companies, primarily AT&T, Century Link and Verizon, and other providers of DSL, fiber-to-the-node and fiber-to-the-home services. DSL service competes with our Internet service and is often offered at prices lower than our Internet services, although often at speeds lower than the speeds we offer. Fiber-to-the-node networks can provide faster Internet speeds than conventional DSL, but still cannot typically match our Internet speeds. Fiber-to-the-home networks, however, can provide Internet speeds equal to or greater than Charter's current Internet speeds. In addition, in many of our markets, DSL providers have entered into co-marketing arrangements with DBS providers to offer service bundles combining video services provided by a DBS provider with DSL and traditional telephone and wireless services offered by the telephone companies and their affiliates. These service bundles offer customers similar pricing and convenience advantages as our bundles.

Continued growth in our residential telephone business faces risks. The competitive landscape for residential and commercial telephone services is intense; we face competition from providers of Internet telephone services, as well as incumbent telephone companies. Further, we face increasing competition for residential telephone services as more consumers in the United States are replacing traditional telephone service with wireless service. We expect to continue to price our phone product aggressively as part of our triple play strategy which could negatively impact our revenue from telephone to the extent we do not increase volume.

The existence of more than one cable system operating in the same territory is referred to as an overbuild. Overbuilds could adversely affect our growth, financial condition, and results of operations, by creating or increasing competition. We are aware of traditional overbuild situations impacting certain of our markets, however, we are unable to predict the extent to which additional overbuild situations may occur.

In order to attract new customers, from time to time we make promotional offers, including offers of temporarily reduced price or free service. These promotional programs result in significant advertising, programming and operating expenses, and also may require us to make capital expenditures to acquire and install customer premise equipment. Customers who subscribe to our services as a result of these offerings may not remain customers following the end of the promotional period. A failure to retain customers could have a material adverse effect on our business.

Mergers, joint ventures, and alliances among franchised, wireless, or private cable operators, DBS providers, local exchange carriers, and others, may provide additional benefits to some of our competitors, either through access to financing, resources, or efficiencies of scale, or the ability to provide multiple services in direct competition with us.

In addition to the various competitive factors discussed above, our business is subject to risks relating to increasing competition for the leisure and entertainment time of consumers. Our business competes with all other sources of entertainment and information delivery, including broadcast television, movies, live events, radio broadcasts, home video products, console games, print media, and the Internet. Further, due to consumer electronic innovations, content owners are allowing consumers to watch Internet-delivered content on televisions, personal computers, tablets, gaming boxes connected to televisions and mobile devices, some

without charging a fee to access the content. Technological advancements, such as video-on-demand, new video formats, and Internet streaming and downloading, have increased the number of entertainment and information delivery choices available to consumers, and intensified the challenges posed by audience fragmentation. The increasing number of choices available to audiences could also negatively impact advertisers' willingness to purchase advertising from us, as well as the price they are willing to pay for advertising. If we do not respond appropriately to further increases in the leisure and entertainment choices available to consumers, our competitive position could deteriorate, and our financial results could suffer.

Our services may not allow us to compete effectively. Additionally, as we expand our offerings to introduce new and enhanced services, we will be subject to competition from other providers of the services we offer. Competition may reduce our expected growth of future cash flows which may contribute to future impairments of our franchises and goodwill.

***Economic conditions in the United States may adversely impact the growth of our business.***

We believe that continued competition and the weakened economic conditions in the United States, including weakness in the housing market and relatively high unemployment levels, have adversely affected consumer demand for our services, particularly basic video. These conditions contributed to video revenues remaining flat for the year ended December 31, 2012 compared to the corresponding period in 2011, while we continued to grow our commercial and Internet businesses. We believe competition from wireless and economic factors have contributed to an increase in the number of homes that replace their traditional telephone service with wireless service thereby impacting the growth of our telephone business. If these conditions do not improve or our efforts to improve our products and the way we market those products are not ultimately successful in increasing our growth, we believe our business and results of operations will be further adversely affected which may contribute to future impairments of our franchises and goodwill.

***Our exposure to the credit risks of our customers, vendors and third parties could adversely affect our cash flow, results of operations and financial condition.***

We are exposed to risks associated with the potential financial instability of our customers, many of whom have been adversely affected by the general economic downturn. Declines in the housing market, including foreclosures, together with significant unemployment, have caused increased cancellations by our customers or lead to unfavorable changes in the mix of products purchased. These events have adversely affected, and may continue to adversely affect our cash flow, results of operations and financial condition.

In addition, we are susceptible to risks associated with the potential financial instability of the vendors and third parties on which we rely to provide products and services or to which we outsource certain functions. The same economic conditions that may affect our customers, as well as volatility and disruption in the capital and credit markets, also could adversely affect vendors and third parties and lead to significant increases in prices, reduction in output or the bankruptcy of our vendors or third parties upon which we rely. Any interruption in the services provided by our vendors or by third parties could adversely affect our cash flow, results of operation and financial condition.

***We face risks inherent in our commercial business.***

We may encounter unforeseen difficulties as we increase the scale of our service offerings to businesses. We sell Internet access, data networking and fiber connectivity to cellular towers and office buildings, video and business telephone services to businesses and have increased our focus on growing this business. In order to grow our commercial business, we expect to increase expenditures on technology, equipment and personnel focused on the commercial business. Commercial business customers often require service level agreements and generally have heightened customer expectations for reliability of services. If our efforts to build the infrastructure to scale the commercial business are not successful, the growth of our commercial services business would be limited. We depend on interconnection and related services provided by certain third parties for the growth of our commercial business. As a result, our ability to implement changes as the services grow may be limited. If we are unable to meet these service level requirements or expectations, our commercial business could be adversely affected. Finally, we expect advances in communications technology, as well as changes in the marketplace and the regulatory and legislative environment. Consequently, we are unable to predict the effect that ongoing or future developments in these areas might have on our telephone and commercial businesses and operations.

***We may not have the ability to reduce the high growth rates of, or pass on to our customers, our increasing programming costs, which would adversely affect our cash flow and operating margins.***

Programming has been, and is expected to continue to be, our largest operating expense item. In recent years, the cable industry has experienced a rapid escalation in the cost of programming. We expect programming costs to continue to increase because of

a variety of factors including amounts paid for retransmission consent, annual increases imposed by programmers with additional selling power as a result of media consolidation, additional programming, including new sports services and non-linear programming for on-line and OnDemand platforms. The inability to fully pass these programming cost increases on to our customers has had an adverse impact on our cash flow and operating margins associated with the video product. We have programming contracts that have expired and others that will expire at or before the end of 2013. There can be no assurance that these agreements will be renewed on favorable or comparable terms. To the extent that we are unable to reach agreement with certain programmers on terms that we believe are reasonable we may be forced to remove such programming channels from our line-up, which could result in a further loss of customers.

Increased demands by owners of some broadcast stations for carriage of other services or payments to those broadcasters for retransmission consent are likely to further increase our programming costs. Federal law allows commercial television broadcast stations to make an election between “must-carry” rights and an alternative “retransmission-consent” regime. When a station opts for the latter, cable operators are not allowed to carry the station’s signal without the station’s permission. In some cases, we carry stations under short-term arrangements while we attempt to negotiate new long-term retransmission agreements. If negotiations with these programmers prove unsuccessful, they could require us to cease carrying their signals, possibly for an indefinite period. Any loss of stations could make our video service less attractive to customers, which could result in less subscription and advertising revenue. In retransmission-consent negotiations, broadcasters often condition consent with respect to one station on carriage of one or more other stations or programming services in which they or their affiliates have an interest. Carriage of these other services, as well as increased fees for retransmission rights, may increase our programming expenses and diminish the amount of capacity we have available to introduce new services, which could have an adverse effect on our business and financial results.

***Our inability to respond to technological developments and meet customer demand for new products and services could limit our ability to compete effectively.***

Our business is characterized by rapid technological change and the introduction of new products and services, some of which are bandwidth-intensive. We may not be able to fund the capital expenditures necessary to keep pace with technological developments, or anticipate the demand of our customers for products and services requiring new technology or bandwidth. Our inability to maintain and expand our upgraded systems and provide advanced services in a timely manner, or to anticipate the demands of the marketplace, could materially adversely affect our ability to attract and retain customers. Consequently, our growth, financial condition and results of operations could suffer materially.

***We depend on third party service providers, suppliers and licensors; thus, if we are unable to procure the necessary services, equipment, software or licenses on reasonable terms and on a timely basis, our ability to offer services could be impaired, and our growth, operations, business, financial results and financial condition could be materially adversely affected.***

We depend on third party service providers, suppliers and licensors to supply some of the services, hardware, software and operational support necessary to provide some of our services. We obtain these materials from a limited number of vendors, some of which do not have a long operating history or which may not be able to continue to supply the equipment and services we desire. Some of our hardware, software and operational support vendors, and service providers represent our sole source of supply or have, either through contract or as a result of intellectual property rights, a position of some exclusivity. If demand exceeds these vendors’ capacity or if these vendors experience operating or financial difficulties, or are otherwise unable to provide the equipment or services we need in a timely manner, at our specifications and at reasonable prices, our ability to provide some services might be materially adversely affected, or the need to procure or develop alternative sources of the affected materials or services might delay our ability to serve our customers. These events could materially and adversely affect our ability to retain and attract customers, and have a material negative impact on our operations, business, financial results and financial condition. A limited number of vendors of key technologies can lead to less product innovation and higher costs. For these reasons, we generally endeavor to establish alternative vendors for materials we consider critical, but may not be able to establish these relationships or be able to obtain required materials on favorable terms.

In that regard, we currently purchase set-top boxes from a limited number of vendors, because each of our cable systems use one or two proprietary conditional access security schemes, which allows us to regulate subscriber access to some services, such as premium channels. We believe that the proprietary nature of these conditional access schemes makes other manufacturers reluctant to produce set-top boxes. Future innovation in set-top boxes may be restricted until these issues are resolved. In addition, we believe that the general lack of compatibility among set-top box operating systems has slowed the industry’s development and deployment of digital set-top box applications.

We depend on patent, copyright, trademark and trade secret laws and licenses to establish and maintain our intellectual property rights in technology and the products and services used in our operating activities. Any of our intellectual property rights could be challenged or invalidated, or such intellectual property rights may not be sufficient to permit us to continue to use certain



intellectual property, which could result in discontinuance of certain product or service offerings or other competitive harm, our incurring substantial monetary liability or being enjoined preliminarily or permanently from further use of the intellectual property in question.

***Malicious and abusive activities could disrupt our networks, information systems or properties and could impair our operating activities.***

Network and information systems technologies are critical to our operating activities, as well as our customers' access to our services. Malicious and abusive activities, such as the dissemination of computer viruses, worms, and other destructive or disruptive software, computer hackings, social engineering, process breakdowns, denial of service attacks and other malicious activities have become more common in industry overall. If directed at us or technologies upon which we depend, these activities could have adverse consequences on our network and our customers, including degradation of service, excessive call volume to call centers, and damage to our or our customers' equipment and data. Further, these activities could result in security breaches, such as misappropriation, misuse, leakage, falsification or accidental release or loss of information maintained in our information technology systems and networks, and in our vendors' systems and networks, including customer, personnel and vendor data. If a significant incident were to occur, it could damage our reputation and credibility, lead to customer dissatisfaction and, ultimately, loss of customers or revenue, in addition to increased costs to service our customers and protect our network. These events also could result in large expenditures to repair or replace the damaged properties, networks or information systems or to protect them from similar events in the future. Any significant loss of Internet customers or revenue, or significant increase in costs of serving those customers, could adversely affect our growth, financial condition and results of operations.

***For tax purposes, we could experience a deemed ownership change in the future that could limit our ability to use our tax loss carryforwards.***

As of December 31, 2012, we had approximately \$7.7 billion of federal tax net operating loss carryforwards, capital loss carryforwards and suspended losses resulting in a gross deferred tax asset of approximately \$2.7 billion. Federal tax net operating and capital loss carryforwards expire in the years 2014 through 2032. Federal suspended losses can generally be carried forward indefinitely. These losses resulted from the operations of Charter Holdco and its subsidiaries. In addition, as of December 31, 2012, we had state tax net operating loss carryforwards, capital loss carryforwards and suspended losses, resulting in a gross deferred tax asset (net of federal tax benefit) of approximately \$252 million. State tax net operating and capital loss carryforwards generally expire in the years 2013 through 2032. State suspended losses can generally be carried forward indefinitely. Due to uncertainties in projected future taxable income, valuation allowances have been established against the gross deferred tax assets for book accounting purposes, except for future taxable income that will result from the reversal of existing temporary differences for which deferred tax liabilities are recognized. Such tax loss carryforwards can accumulate and be used to offset our future taxable income.

The consummation of the Plan generated an "ownership change" as defined in Section 382 of the Internal Revenue Code of 1986, as amended (the "Code"). In general, an "ownership change" occurs whenever the percentage of the stock of a corporation owned, directly or indirectly, by "5-percent stockholders" (within the meaning of Section 382 of the Code) increases by more than 50 percentage points over the lowest percentage of the stock of such corporation owned, directly or indirectly, by such "5-percent stockholders" at any time over the preceding three years. As a result, Charter is subject to an annual limitation on the use of our loss carryforwards which existed at November 30, 2009. Further, our loss carryforwards have been reduced by the amount of the cancellation of debt income resulting from the Plan that was allocable to Charter. The limitation on our ability to use our loss carryforwards, in conjunction with the loss carryforward expiration provisions, could reduce our ability to use a portion of our loss carryforwards to offset future taxable income which could result in us being required to make material cash tax payments. Our ability to make such income tax payments, if any, will depend at such time on our liquidity or our ability to raise additional capital, and/or on receipt of payments or distributions from Charter Holdco and its subsidiaries.

If Charter were to experience a second ownership change in the future (as a result of purchases and sales of stock by Charter's 5-percent stockholders, new issuances or redemptions of Charter's stock, certain acquisitions of Charter's stock and issuances, redemptions, sales or other dispositions or acquisitions of interests in Charter's 5-percent stockholders), Charter's ability to use our loss carryforwards could become subject to further limitations. Our common stock is subject to certain transfer restrictions contained in our amended and restated certificate of incorporation. These restrictions, which are designed to minimize the likelihood of an ownership change occurring and thereby preserve our ability to utilize our loss carryforwards, are not currently operative but could become operative in the future if certain events occur and the restrictions are imposed by Charter's board of directors. However, there can be no assurance that Charter's board of directors would choose to impose these restrictions or that such restrictions, if imposed, would prevent an ownership change from occurring.

***If we are unable to retain key employees, our ability to manage our business could be adversely affected.***

Our operational results have depended, and our future results will depend, upon the retention and continued performance of our management team. Over the last twelve months, we have experienced significant changes in our management team and may experience additional changes in the future. Our ability to retain and hire new key employees for management positions could be impacted adversely by the competitive environment for management talent in the broadband communications industry. The loss of the services of key members of management and the inability or delay in hiring new key employees could adversely affect our ability to manage our business and our future operational and financial results.

#### **Risks Related to Ownership Positions of Charter's Principal Shareholders**

***Charter's principal stockholders own a significant amount of Charter's common stock, giving them influence over corporate transactions and other matters.***

Members of Charter's board of directors include directors who are also employed by our principal stockholders, Mr. Darren Glatt is an employee of Apollo Management, L.P.; Mr. Bruce Karsh is the president of Oaktree Capital Management, L.P.; Mr. Stan Parker is a senior partner of Apollo Global Management LLC; Mr. Edgar Lee is a Senior Vice President of Oaktree Capital Management, L.P.; and Mr. Jeffrey Marcus is a partner of Crestview Partners, L.P. As of December 31, 2012, Apollo funds beneficially held approximately 24% of the Class A common stock of Charter. Oaktree Opportunities Investments, L.P. and certain affiliated funds beneficially held approximately 12% of the Class A common stock of Charter. Funds affiliated with Crestview beneficially held approximately 10% of Charter's outstanding Class A common stock as of December 31, 2012. Charter's principal stockholders may be able to exercise substantial influence over all matters requiring stockholder approval, including the election of directors and approval of significant corporate action, such as mergers and other business combination transactions should these stockholders retain a significant ownership interest in us. Charter's principal stockholders are not restricted from investing in, and have invested in, and engaged in, other businesses involving or related to the operation of cable television systems, video programming, Internet service, telephone or business and financial transactions conducted through broadband interactivity and Internet services. The principal stockholders may also engage in other businesses that compete or may in the future compete with us.

The principal stockholders' substantial influence over our management and affairs could create conflicts of interest if any of them were faced with decisions that could have different implications for them and us.

#### **Risks Related to Regulatory and Legislative Matters**

***Our business is subject to extensive governmental legislation and regulation, which could adversely affect our business.***

Regulation of the cable industry has increased cable operators' operational and administrative expenses and limited their revenues. Cable operators are subject to various laws and regulations including those covering the following:

- the provisioning and marketing of cable equipment and compatibility with new digital technologies;
- subscriber and employee privacy and data security;
- limited rate regulation of video service;
- copyright royalties for retransmitting broadcast signals;
- when a cable system must carry a particular broadcast station and when it must first obtain retransmission consent to carry a broadcast station;
- the provision of channel capacity to unaffiliated commercial leased access programmers;
- limitations on our ability to enter into exclusive agreements with multiple dwelling unit complexes and control our inside wiring;
- the provision of high-speed Internet service, including net neutrality rules;
- the provision of voice communications;
- cable franchise renewals and transfers; and
- equal employment opportunity, emergency alert systems, disability access, technical standards, marketing practices, customer service, and consumer protection.

Additionally, many aspects of these laws and regulations are currently the subject of judicial proceedings and administrative or legislative proposals. In 2010, the FCC submitted its National Broadband Plan to Congress and announced its intention to initiate approximately 40 rulemakings addressing a host of issues related to the delivery of broadband services, including video, data, VoIP and other services. The broad reach of these rulemakings could ultimately impact the environment in which we operate. There are also ongoing efforts to amend or expand the federal, state, and local regulation of some of our cable systems, which

may compound the regulatory risks we already face, and proposals that might make it easier for our employees to unionize. Congress and various federal agencies are now considering adoption of significant new privacy restrictions, including new restrictions on the use of personal and profiling information for behavioral advertising. In response to recent global data breaches, malicious activity and cyber threats, as well as the general increasing concerns regarding the protection of consumers' personal information, Congress is considering the adoption of new data security and cybersecurity legislation that could result in additional network and information security requirements for our business. In the event of a data breach or cyber attack, these new laws, as well as existing legal and regulatory obligations, could require significant expenditures to remedy any such breach or attack.

***Our cable system franchises are subject to non-renewal or termination. The failure to renew a franchise in one or more key markets could adversely affect our business.***

Our cable systems generally operate pursuant to franchises, permits, and similar authorizations issued by a state or local governmental authority controlling the public rights-of-way. Many franchises establish comprehensive facilities and service requirements, as well as specific customer service standards and monetary penalties for non-compliance. In many cases, franchises are terminable if the franchisee fails to comply with significant provisions set forth in the franchise agreement governing system operations. Franchises are generally granted for fixed terms and must be periodically renewed. Franchising authorities may resist granting a renewal if either past performance or the prospective operating proposal is considered inadequate. Franchise authorities often demand concessions or other commitments as a condition to renewal. In some instances, local franchises have not been renewed at expiration, and we have operated and are operating under either temporary operating agreements or without a franchise while negotiating renewal terms with the local franchising authorities.

The traditional cable franchising regime has recently undergone significant change as a result of various federal and state actions. Some state franchising laws do not allow us to immediately opt into favorable statewide franchising. In many cases, state franchising laws will result in fewer franchise imposed requirements for our competitors who are new entrants than for us, until we are able to opt into the applicable state franchise.

We cannot assure you that we will be able to comply with all significant provisions of our franchise agreements and certain of our franchisors have from time to time alleged that we have not complied with these agreements. Additionally, although historically we have renewed our franchises without incurring significant costs, we cannot assure you that we will be able to renew, or to renew as favorably, our franchises in the future. A termination of or a sustained failure to renew a franchise in one or more key markets could adversely affect our business in the affected geographic area.

***Our cable system franchises are non-exclusive. Accordingly, local and state franchising authorities can grant additional franchises and create competition in market areas where none existed previously, resulting in overbuilds, which could adversely affect results of operations.***

Our cable system franchises are non-exclusive. Consequently, local and state franchising authorities can grant additional franchises to competitors in the same geographic area or operate their own cable systems. In some cases, local government entities and municipal utilities may legally compete with us without obtaining a franchise from the local franchising authority. As a result, competing operators may build systems in areas in which we hold franchises.

The FCC has adopted rules that streamline entry for new competitors (particularly those affiliated with telephone companies) and reduce franchising burdens for these new entrants. At the same time, a substantial number of states have adopted new franchising laws, principally designed to streamline entry for new competitors, and often provide advantages for these new entrants that are not immediately available to existing operators.

***Local franchise authorities have the ability to impose additional regulatory constraints on our business, which could further increase our expenses.***

In addition to the franchise agreement, cable authorities in some jurisdictions have adopted cable regulatory ordinances that further regulate the operation of cable systems. This additional regulation increases the cost of operating our business. Local franchising authorities may impose new and more restrictive requirements. Local franchising authorities who are certified to regulate rates in the communities where they operate generally have the power to reduce rates and order refunds on the rates charged for basic service and equipment.

***Tax legislation and administrative initiatives or challenges to our tax positions could adversely affect our results of operations and financial condition.***

We operate cable systems in locations throughout the United States and, as a result, we are subject to the tax laws and regulations of federal, state and local governments. From time to time, various legislative and/or administrative initiatives may be proposed that could adversely affect our tax positions. There can be no assurance that our effective tax rate or tax payments will not be adversely affected by these initiatives. As a result of state and local budget shortfalls due primarily to the recession as well as other considerations, certain states and localities have imposed or are considering imposing new or additional taxes or fees on our services or changing the methodologies or base on which certain fees and taxes are computed. Such potential changes include additional taxes or fees on our services which could impact our customers, combined reporting and other changes to general business taxes, central/unit-level assessment of property taxes and other matters that could increase our income, franchise, sales, use and/or property tax liabilities. In addition, federal, state and local tax laws and regulations are extremely complex and subject to varying interpretations. There can be no assurance that our tax positions will not be challenged by relevant tax authorities or that we would be successful in any such challenge.

***Further regulation of the cable industry could cause us to delay or cancel service or programming enhancements, or impair our ability to raise rates to cover our increasing costs, resulting in increased losses.***

Currently, rate regulation of cable systems is strictly limited to the basic service tier and associated equipment and installation activities. However, the FCC and Congress continue to be concerned that cable rate increases are exceeding inflation. It is possible that either the FCC or Congress will further restrict the ability of cable system operators to implement rate increases for our video services or even for our high-speed Internet and telephone services. Should this occur, it would impede our ability to raise our rates. If we are unable to raise our rates in response to increasing costs, our losses would increase.

There has been legislative and regulatory interest in requiring cable operators to offer historically combined programming services on an à la carte basis. It is possible that new marketing restrictions could be adopted in the future further affecting our preferred provisioning of services and related equipment. Such restrictions could adversely affect our operations.

***Actions by pole owners might subject us to significantly increased pole attachment costs.***

Pole attachments are cable wires that are attached to utility poles. Cable system attachments to investor-owned public utility poles historically have been regulated at the federal or state level, generally resulting in favorable pole attachment rates for attachments used to provide cable service. In contrast, utility poles owned by municipalities or cooperatives are not subject to federal regulation and are generally exempt from state regulation. In 2011, the FCC amended its pole attachment rules to promote broadband deployment. The order (the "Order") maintains the basic rate formula applicable to "cable" attachments in the 30 states directly subject to FCC regulation, but reduces the rate formula previously applicable to "telecommunications" attachments to make it roughly equivalent to the cable attachment rate. The Order maintains the status quo treatment of cable-provided VoIP service as an unclassified service eligible for the favorable cable pole attachment rates, but the issue has not been fully resolved by the FCC, and a change in classification could subject our pole attachment rates to the higher rates governing telecommunications attachments. The Order also allows for new penalties in certain cases involving unauthorized attachments that could result in additional costs for cable operators. The Order overall strengthens the cable industry's ability to access investor-owned utility poles on reasonable rates, terms and conditions. Electric utilities filed Petitions for Reconsideration at the FCC and Petitions for Review in the D.C. Circuit Court of Appeals seeking to modify or overturn the FCC's Order. Charter and other cable operators have intervened in the court proceeding in support of the FCC. The outcome of these proceedings could impact the pole attachment rates we pay utility companies.

***Increasing regulation of our Internet service product could adversely affect our ability to provide new products and services.***

In December 2010, the FCC adopted new "net neutrality" rules it deemed necessary to ensure continuation of an "open" Internet that is not unduly restricted by network "gatekeepers." The new rules, which went into effect in November 2011, are based on three core principles of: (1) transparency, (2) no blocking, and (3) no unreasonable discrimination. The rules permit broadband service providers to exercise "reasonable network management" for legitimate management purposes, such as management of congestion, harmful traffic, and network security. The rules also provide broadband service providers with the flexibility to engage in usage-based billing and offer additional specialized services, such as facilities-based IP voice services, without being subject to restrictions on discrimination. Although the rules encompass both wireline providers (like us) and wireless providers, the rules are less stringent with regard to wireless providers. Verizon and other parties have filed for additional FCC review, as well as filing an appeal challenging the FCC's authority to issue such rules, which will be heard by the U.S. Court of Appeals for the D.C. Circuit. For now, the FCC will enforce these rules based on case-by-case complaints. Because many of the requirements are vague and because the FCC has not provided clear guidance on implementation, it is unclear how the FCC will enforce its rules and

adjudicate any related complaints. Legislation in this area is also possible. Rules or statutes increasing the regulation of our Internet services could limit our ability to efficiently manage our cable systems and respond to operational and competitive challenges.

***Changes in channel carriage regulations could impose significant additional costs on us.***

Cable operators also face significant regulation of their video channel carriage. We can be required to devote substantial capacity to the carriage of programming that we might not carry voluntarily, including certain local broadcast signals; local public, educational and government access (“PEG”) programming; and unaffiliated, commercial leased access programming (required channel capacity for use by persons unaffiliated with the cable operator who desire to distribute programming over a cable system). The FCC has adopted new commercial leased access rules (currently stayed while under appeal) which dramatically reduce the rate we can charge for leasing this capacity and dramatically increase our administrative burdens. Legislation has been introduced in Congress in the past that, if adopted, could impact our carriage of broadcast signals by simultaneously eliminating the cable industry’s compulsory copyright license and the retransmission consent requirements governing cable’s retransmission of broadcast signals. The FCC recently adopted changes to the rules affecting the relationship between programmers and multichannel video distributors, and is now considering additional changes. Future regulatory changes could disrupt existing programming commitments, interfere with our preferred use of limited channel capacity, increase our programming costs, and limit our ability to offer services that would maximize our revenue potential. It is possible that other legal restraints will be adopted limiting our discretion over programming decisions.

***Offering voice communications service may subject us to additional regulatory burdens, causing us to incur additional costs.***

We offer voice communications services over our broadband network and continue to develop and deploy VoIP services. The FCC has ruled that competitive telephone companies that support VoIP services, such as those we offer our customers, are entitled to interconnect with incumbent providers of traditional telecommunications services, which ensure that our VoIP services can compete in the market. The FCC has also declared that certain VoIP services are not subject to traditional state public utility regulation. The full extent of the FCC preemption of state and local regulation of VoIP services is not yet clear. Expanding our offering of these services may require us to obtain certain additional authorizations. We may not be able to obtain such authorizations in a timely manner, or conditions could be imposed upon such licenses or authorizations that may not be favorable to us. Telecommunications companies generally are subject to other significant regulation which could also be extended to VoIP providers. If additional telecommunications regulations are applied to our VoIP service, it could cause us to incur additional costs. The FCC has already extended certain traditional telecommunications carrier requirements, such as E911, Universal Service fund collection, Communications Assistance for Law Enforcement Act (“CALEA”), privacy, Customer Proprietary Network Information, number porting, disability and discontinuance of service requirements to many VoIP providers such as us. In November 2011, the FCC released an order significantly changing the rules governing intercarrier compensation payments for the origination and termination of telephone traffic between carriers, including VoIP service providers like Charter. Several entities have challenged this FCC ruling in federal court, and that case is now pending before the Tenth Circuit Court of Appeals. The new rules, as they now stand, will result in a substantial decrease in intercarrier compensation payments over a multi-year period. We received intercarrier compensation of approximately \$19 million and \$23 million for the years ended December 31, 2012 and 2011, respectively. The decreases over the multi-year transition will affect both the amounts that Charter pays to other carriers and the amounts that Charter receives from other carriers. The schedule and magnitude of these decreases, however, will vary depending on the nature of the carriers and the telephone traffic at issue, and the FCC implementing rulemakings. We cannot yet predict with certainty the balance of the impact on Charter’s revenues and expenses for voice services at particular times over this multi-year period.

***Item 1B. Unresolved Staff Comments.***

None.

***Item 2. Properties.***

Our principal physical assets consist of cable distribution plant and equipment, including signal receiving, encoding and decoding devices, headend reception facilities, distribution systems, and customer premise equipment for each of our cable systems.

Our cable plant and related equipment are generally attached to utility poles under pole rental agreements with local public utilities and telephone companies, and in certain locations are buried in underground ducts or trenches. We own or lease real property for signal reception sites, and own our service vehicles.

Our subsidiaries generally lease space for business offices. Our headend and tower locations are located on owned or leased parcels of land, and we generally own the towers on which our equipment is located. Charter Holdco owns the land and building for our

St. Louis corporate office. We lease space for our offices in Denver, Colorado and for our corporate headquarters in Stamford, Connecticut.

The physical components of our cable systems require maintenance as well as periodic upgrades to support the new services and products we introduce. See “Item 1. Business – Our Network Technology.” We believe that our properties are generally in good operating condition and are suitable for our business operations.

### **Item 3. Legal Proceedings.**

#### Patent Litigation

*Ronald A. Katz Technology Licensing, L.P. v. Charter Communications, Inc. et. al.* In 2006, Ronald A. Katz Technology Licensing, L.P. filed a lawsuit against Charter and other parties in the U. S. District Court for the District of Delaware alleging that Charter and the other defendants infringed its interactive call processing patents. In 2007, the lawsuit was combined with other cases filed by Katz in a multi-district litigation proceeding in the U.S. District Court for the Central District of California for coordinated and consolidated pretrial proceedings. In 2010, the court denied Katz's motion for summary judgment, struck two affirmative defenses that Charter had raised, invalidated one of the nine remaining claims Katz had asserted and entered a ruling restricting Katz's damages claims by limiting the time period from which Katz may seek damages. A consolidated appeal involving other co-defendants was held, with the U.S. Court of Appeals for the Federal Circuit confirming invalidity of certain claims and remanding certain rulings back to the district court for further consideration. Based on the Federal Circuit's opinion, the district court ordered additional summary judgment briefing and some limited pre-trial briefing. In 2012, the court granted Charter's second motion for summary judgment and invalidated one of the claims asserted against Charter, leaving eight claims. In related litigation against others, the court invalidated four of these patent claims which will result in four claims being asserted against Charter when this ruling is applied in our case. Charter initiated ex parte examinations with the U.S. Patent Office challenging the validity of all eight patent claims asserted against Charter. The Patent Office granted all of these examinations finding a substantial new question as to whether the claims are valid over prior art not previously considered by the Patent Office. When all pre-trial proceedings are completed, any matters remaining for trial will be transferred back to the District Court in Delaware. No trial date has been set. Charter continues to vigorously contest this matter although we cannot predict the ultimate outcome of this lawsuit nor can we reasonably estimate a range of possible loss.

We are also defendants or co-defendants in several other unrelated lawsuits claiming infringement of various patents relating to various aspects of our businesses. Other industry participants are also defendants in certain of these cases.

In the event that a court ultimately determines that we infringe on any intellectual property rights, we may be subject to substantial damages and/or an injunction that could require us or our vendors to modify certain products and services we offer to our subscribers, as well as negotiate royalty or license agreements with respect to the patents at issue. While we believe the lawsuits are without merit and intend to defend the actions vigorously, no assurance can be given that any adverse outcome would not be material to our consolidated financial condition, results of operations, or liquidity.

#### Bankruptcy Proceedings

On March 27, 2009, Charter filed a Chapter 11 petition in the United States Bankruptcy Court for the Southern District of New York. On November 17, 2009, the Bankruptcy Court issued its Order and Opinion confirming the Plan over the objections of various objectors. Charter consummated the Plan on November 30, 2009.

Two appeals are pending relating to confirmation of the Plan, the appeals by (i) Law Debenture Trust Company of New York (“LDT”) (as the Trustee with respect to the \$479 million in aggregate principal amount of 6.50% convertible senior notes due 2027 issued by Charter which are no longer outstanding following consummation of the Plan and the holders of which already received distributions of approximately \$168 million pursuant to the Plan); and (ii) R<sup>2</sup> Investments, LDC (“R<sup>2</sup> Investments”) (a former equity interest holder in Charter). The appeals by LDT and R<sup>2</sup> Investments were denied by the District Court for the Southern District of New York in March 2011. On August 31, 2012, the 2nd Circuit Court of Appeals unanimously affirmed the district court's decision holding that R<sup>2</sup> Investments and LDT's appeals are equitably moot. Thereafter, R<sup>2</sup> Investments and LDT sought a rehearing en banc with the 2nd Circuit which was denied. On January 10, 2013, R<sup>2</sup> Investments and LDT filed a petition for a writ of certiorari with the United States Supreme Court, asking that court to review the 2<sup>nd</sup> Circuit's decision claiming there is a split among the Circuit Courts regarding the equitable mootness principle that the Supreme Court should resolve. Charter continues to vigorously contest this matter although we cannot predict the ultimate outcome of this lawsuit nor can we reasonably estimate a range of possible loss.

#### Other Proceedings

We have had communications with the United States Environmental Protection Agency (“the EPA”) in connection with a self reporting audit which may result in a proceeding. Pursuant to the audit, we discovered certain compliance issues concerning our reports to the EPA for backup batteries used at our facilities. We do not view these matters as material.

We also are party to other lawsuits and claims that arise in the ordinary course of conducting our business, including lawsuits claiming violation of anti-trust laws and violation of wage and hour laws. The ultimate outcome of these other legal matters pending against us or our subsidiaries cannot be predicted, and although such lawsuits and claims are not expected individually to have a material adverse effect on our consolidated financial condition, results of operations, or liquidity, such lawsuits could have in the aggregate a material adverse effect on our consolidated financial condition, results of operations, or liquidity. Whether or not we ultimately prevail in any particular lawsuit or claim, litigation can be time consuming and costly and injure our reputation.

#### **Item 4. Mine Safety Disclosures.**

Not applicable.

## PART II

### Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

#### (A) Market Information

Charter's Class A common stock is listed on the NASDAQ Global Select Market under the symbol "CHTR."

The following table sets forth, for the periods indicated, the range of high and low last reported sale price per share of Charter's Class A common stock on the NASDAQ Global Select Market. There was no established trading market for Charter's Class B common stock prior to its conversion to Class A common stock on January 18, 2011.

#### Class A Common Stock

	High		Low	
<b>2011</b>				
First quarter	\$	50.63	\$	38.46
Second quarter	\$	59.30	\$	51.66
Third quarter	\$	59.75	\$	42.06
Fourth quarter	\$	56.94	\$	43.67
<b>2012</b>				
First quarter	\$	64.91	\$	56.15
Second quarter	\$	70.87	\$	59.41
Third quarter	\$	82.54	\$	71.59
Fourth quarter	\$	78.54	\$	67.50

#### (B) Holders

As of January 31, 2013, there were approximately 46 holders of record of Charter's Class A common stock.

#### (C) Dividends

Charter has not paid stock or cash dividends on any of its common stock.

Charter would be dependent on distributions from its subsidiaries if Charter were to make any dividends. Covenants in the indentures and credit agreements governing the debt obligations of our subsidiaries restrict their ability to make distributions to us, and accordingly, limit our ability to declare or pay cash dividends. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations." Future cash dividends, if any, will be at the discretion of Charter's board of directors and will depend upon, among other things, our future operations and earnings, capital requirements, general financial condition, contractual restrictions and such other factors as Charter's board of directors may deem relevant.



**(D) Securities Authorized for Issuance Under Equity Compensation Plans**

The following information is provided as of December 31, 2012 with respect to equity compensation plans:

<u>Plan Category</u>	<u>Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights</u>	<u>Weighted Average Exercise Price of Outstanding Warrants and Rights</u>	<u>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans</u>
Equity compensation plans approved by security holders	3,879,638 (1)	\$ 54.98	1,414,919 (1)
Equity compensation plans not approved by security holders	—	\$ —	—
<b>TOTAL</b>	<u>3,879,638 (1)</u>	\$ 54.98	<u>1,414,919 (1)</u>

(1) This total does not include 927,614 shares issued pursuant to restricted stock grants made under our 2009 Stock Incentive Plan, which are subject to vesting based on continued employment and market conditions.

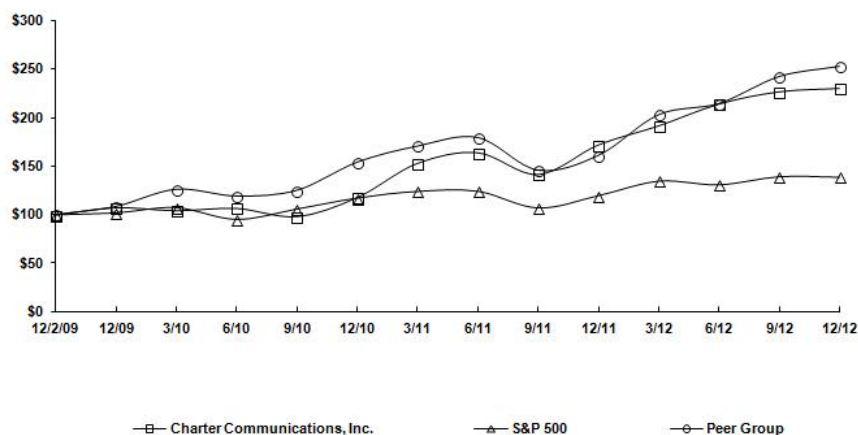
For information regarding securities issued under our equity compensation plans, see Note 15 to our accompanying consolidated financial statements contained in “Item 8. Financial Statements and Supplementary Data.”

## (E) Performance Graph

The graph below shows the cumulative total return on Charter's Class A common stock for the period from December 2, 2009 through December 31, 2012, in comparison to the cumulative total return on Standard & Poor's 500 Index and a peer group consisting of the national cable operators that are most comparable to us in terms of size and nature of operations. The Company's peer group consists of Cablevision Systems Corporation, Comcast Corporation, and Time Warner Cable, Inc. The results shown assume that \$100 was invested on December 2, 2009 in Charter and peer group stock or on November 30, 2009 for the S&P 500 index and that all dividends were reinvested. These indices are included for comparative purposes only and do not reflect whether it is management's opinion that such indices are an appropriate measure of the relative performance of the stock involved, nor are they intended to forecast or be indicative of future performance of Charter's Class A common stock.

### COMPARISON OF 37 MONTH CUMULATIVE TOTAL RETURN\*

Among Charter Communications, Inc., the S&P 500 Index, and a Peer Group



\*\$100 invested on 12/2/09 in stock or 11/30/09 in index, including reinvestment of dividends. Fiscal year ending December 31.

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## (F) Recent Sales of Unregistered Securities

During 2012, there were no unregistered sales of securities of the registrant other than those previously reported on a Quarterly Report on Form 10-Q or Current Report on Form 8-K.

## (G) Purchases of Equity Securities by the Issuer

The following table presents Charter's purchases of equity securities completed during the fourth quarter of 2012 representing shares withheld from employees for the payment of taxes upon the vesting of equity awards.

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
October 1 - 31, 2012	155 (1)	\$ 76.09	—	N/A
November 1 - 30, 2012	10,927 (1)	\$ 77.00	—	N/A
December 1 - 31, 2012	102,779 (1)	\$ 71.62	—	N/A

(1) In October, November and December 2012, Charter withheld 155, 10,927 and 102,779 shares of its common stock, respectively, in payment of tax withholding owed by employees upon vesting of restricted shares and restricted stock units.

**Item 6. Selected Financial Data.**

The following table presents selected consolidated financial data for the periods indicated (dollars in millions, except share data):

	Successor				Predecessor	
	Years Ended December 31,			One Month Ended December 31,	Eleven Months Ended November 30,	Year Ended December 31,
	2012	2011	2010	2009	2009	2008 (a)
<b>Statement of Operations Data:</b>						
Revenues	\$ 7,504	\$ 7,204	\$ 7,059	\$ 572	\$ 6,183	\$ 6,479
Income (loss) from operations	\$ 916	\$ 1,041	\$ 1,024	\$ 84	\$ (1,063)	\$ (614)
Interest expense, net	\$ (907)	\$ (963)	\$ (877)	\$ (68)	\$ (1,020)	\$ (1,905)
Income (loss) before income taxes	\$ (47)	\$ (70)	\$ 58	\$ 10	\$ 9,748	\$ (2,550)
Net income (loss) – Charter shareholders	\$ (304)	\$ (369)	\$ (237)	\$ 2	\$ 11,364	\$ (2,451)
Basic earnings (loss) per common share	\$ (3.05)	\$ (3.39)	\$ (2.09)	\$ 0.02	\$ 30.00	\$ (6.56)
Diluted earnings (loss) per common share	\$ (3.05)	\$ (3.39)	\$ (2.09)	\$ 0.02	\$ 12.61	\$ (6.56)
Weighted-average shares outstanding, basic	99,657,989	108,948,554	113,138,461	112,078,089	378,784,231	373,464,920
Weighted-average shares outstanding, diluted	99,657,989	108,948,554	113,138,461	114,346,861	902,067,116	373,464,920
<b>Balance Sheet Data (end of period):</b>						
Investment in cable properties	\$ 14,870	\$ 14,843	\$ 15,027	\$ 15,391		\$ 12,448
Total assets	\$ 15,599	\$ 15,601	\$ 15,737	\$ 16,658		\$ 13,882
Total debt (including debt subject to compromise)	\$ 12,808	\$ 12,856	\$ 12,306	\$ 13,322		\$ 21,666
Charter shareholders' equity (deficit)	\$ 149	\$ 409	\$ 1,478	\$ 1,916		\$ (10,506)
<b>Other Financial Data:</b>						
Ratio of earnings to fixed charges (b)	N/A	N/A	1.07	1.14	8.41	N/A
Deficiency of earnings to cover fixed charges (b)	\$ 47	\$ 70	N/A	N/A	N/A	\$ 2,550

(a) The year ended December 31, 2008 has been restated to reflect the retrospective application of accounting guidance for convertible debt with cash settlement features.

(b) Earnings include income (loss) before noncontrolling interest and income taxes plus fixed charges. Fixed charges consist of interest expense and an estimated interest component of rent expense.

Comparability of the above information from year to year is affected by acquisitions and dispositions completed by us. In addition, upon our emergence from bankruptcy, we adopted fresh start accounting. This resulted in us becoming a new entity on December 1, 2009, with a new capital structure, a new accounting basis in the identifiable assets and liabilities assumed and no retained earnings or accumulated losses. Accordingly, the consolidated financial statements on or after December 1, 2009 are not comparable to the consolidated financial statements prior to that date. The financial statements for the periods ended prior to November 30, 2009 do not include the effect of any changes in our capital structure or changes in the fair value of assets and liabilities as a result of fresh start accounting.

## **Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

Reference is made to "Part I. Item 1A. Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements," which describe important factors that could cause actual results to differ from expectations and non-historical information contained herein. In addition, the following discussion should be read in conjunction with the audited consolidated financial statements and accompanying notes thereto of Charter Communications, Inc. and subsidiaries included in "Item 8. Financial Statements and Supplementary Data."

### **Overview**

We are a cable operator providing services in the United States with approximately 5.4 million residential and commercial customers at December 31, 2012. We offer our customers traditional cable video programming, Internet services, and telephone services, as well as advanced video services such as OnDemand™, HD television and DVR service. We also sell local advertising on cable networks and provide fiber connectivity to cellular towers. See "Part I. Item 1. Business — Products and Services" for further description of these services, including "customers."

Our most significant competitors are DBS providers and certain telephone companies that offer services that provide features and functions similar to our video, high-speed Internet, and telephone services, including in some cases wireless services, and they also offer these services in bundles similar to ours. See "Business — Competition." In the recent past, we have grown revenues by offsetting basic video customer losses with price increases and sales of incremental services such as high-speed Internet, OnDemand, DVR and HD television. We expect to continue to grow revenues by increasing the number of products in our current customer homes and obtaining new customers with an improved value offering. In addition, we expect to increase revenues by expanding the sales of services to our commercial customers. However, we cannot assure you that we will be able to grow revenues or maintain our margins at recent historical rates.

Total revenue growth was 4% for the year ended December 31, 2012 compared to the corresponding period in 2011, and 2% for the year ended December 31, 2011 compared to the corresponding period in 2010, as we continued to grow our Internet and commercial businesses and also due to increased advertising revenue. Video revenues remained flat during the year ended December 31, 2012 compared to the corresponding prior period and declined 2% during the year ended December 31, 2011 compared to the corresponding prior period. For the years ended December 31, 2012, 2011 and 2010, adjusted earnings (loss) before interest expense, income taxes, depreciation and amortization ("Adjusted EBITDA") was \$2.7 billion, \$2.7 billion and \$2.6 billion, respectively. See "—Use of Adjusted EBITDA and Free Cash Flow" for further information on Adjusted EBITDA and free cash flow. Adjusted EBITDA remained flat for the year ended December 31, 2012 compared to the corresponding period in 2011 as a result of an increase in Internet, commercial and advertising revenues offset by higher programming costs, expenses associated with driving higher growth and investments in the customer experience. For the year ended December 31, 2012, our income from operations was \$916 million, and for each of the years ended December 31, 2011 and 2010, our income from operations was \$1.0 billion. The decrease in income from operations for the year ended December 31, 2012 compared to the corresponding prior periods is primarily due to increases in depreciation and amortization.

Our business plans include goals for increasing the number of customers and revenue. To reach our goals, we have been working to further improve the quality of the video product we offer by increasing digital and HD-DVR penetration and no longer actively marketing analog service. In 2012, we accelerated these improvements. Our goal was 100 HD channels across substantially all of our footprint by the end of the year and we reached that goal in July 2012. We have simplified our offers and pricing and improved our packaging of products to bring more value to our customers, with particular focus on offers aimed at new customers to increase the penetration of our products in our markets including through our emphasis on the triple play. In addition, we are implementing a number of changes to our organizational structure, selling methods and operating tactics which we believe will position us for better customer service and growth. In the short term, however, we expect that customer connects, revenue and operating expenses may be adversely impacted during this transition. We also expect our capital expenditures to remain elevated as we strive to increase digital and HD-DVR penetration, place higher levels of customer premise equipment per transaction and progressively move to an all-digital platform.

We believe that continued competition and the weakened economic conditions in the United States, including weakness in the housing market and relatively high unemployment levels, have adversely affected consumer demand for our services, particularly basic video. Our video competitors often offer more channels, including more HD channels, and typically only offer digital services which have a better picture quality compared to our analog product. In the current economic environment, customers have been more willing to consider our competitors' products, partially because of increased marketing highlighting perceived differences between competitive video products, especially when those competitors are often offering significant incentives to switch providers. We also believe some customers have chosen to receive video over the Internet rather than through our OnDemand and premium video services, thereby reducing our video revenues. We believe competition from wireless and economic factors

have contributed to an increase in the number of homes that replace their traditional telephone service with wireless service thereby impacting the growth of our telephone business.

If the economic and competitive conditions discussed above do not improve, or our efforts to improve our products and the way we market those products are not ultimately successful in increasing our growth, we believe our business and results of operations will be adversely affected, which may contribute to future impairments of our franchises and goodwill.

Approximately 85% of our revenues for both of the years ended December 31, 2012 and 2011 are attributable to monthly subscription fees charged to customers for our video, Internet, telephone, and commercial services provided by our cable systems. Generally, these customer subscriptions may be discontinued by the customer at any time subject to a fee for early termination of a price guarantee product. The remaining 15% of revenue for fiscal years 2012 and 2011 is derived primarily from advertising revenues, franchise and other regulatory fee revenues (which are collected by us but then paid to local authorities), pay-per-view and OnDemand programming, installation, processing fees or reconnection fees charged to customers to commence or reinstate service, and commissions related to the sale of merchandise by home shopping services.

Our expenses primarily consist of operating costs, depreciation and amortization expense and interest expense. Operating costs primarily include programming costs, connectivity, franchise and other regulatory costs, the cost to service our customers such as field, network and customer operations costs and marketing costs.

We have a history of net losses. Our net losses are principally attributable to insufficient revenue to cover the combination of operating expenses, interest expenses that we incur because of our debt, depreciation expenses resulting from the capital investments we have made and continue to make in our cable properties, amortization expenses related to our customer relationship intangibles and non-cash taxes resulting from increases in our deferred tax liabilities.

### **Critical Accounting Policies and Estimates**

Certain of our accounting policies require our management to make difficult, subjective or complex judgments. Management has discussed these policies with the Audit Committee of Charter's board of directors, and the Audit Committee has reviewed the following disclosure. We consider the following policies to be the most critical in understanding the estimates, assumptions and judgments that are involved in preparing our financial statements, and the uncertainties that could affect our results of operations, financial condition and cash flows:

- Property, plant and equipment
  - Capitalization of labor and overhead costs
  - Impairment
  - Useful lives of property, plant and equipment
- Intangible assets
  - Impairment of franchises
  - Impairment and amortization of customer relationships
  - Impairment of goodwill
  - Impairment of trademarks
- Income taxes
- Litigation
- Programming agreements

In addition, there are other items within our financial statements that require estimates or judgment that are not deemed critical, such as the allowance for doubtful accounts and valuations of our derivative instruments, if any, but changes in estimates or judgment in these other items could also have a material impact on our financial statements.

### ***Property, plant and equipment***

The cable industry is capital intensive, and a large portion of our resources are spent on capital activities associated with extending, rebuilding, and upgrading our cable network. As of December 31, 2012 and 2011, the net carrying amount of our property, plant and equipment (consisting primarily of cable network assets) was approximately \$7.2 billion (representing 46% of total assets) and \$6.9 billion (representing 44% of total assets), respectively. Total capital expenditures for the years ended December 31, 2012, 2011 and 2010 were approximately \$1.7 billion, \$1.3 billion and \$1.2 billion, respectively.

***Capitalization of labor and overhead costs.*** Costs associated with network construction, initial customer installations (including initial installations of new or additional advanced video services), installation refurbishments, and the addition of network

equipment necessary to provide new or advanced video services, are capitalized. While our capitalization is based on specific activities, once capitalized, we track these costs by fixed asset category at the cable system level, and not on a specific asset basis. For assets that are sold or retired, we remove the estimated applicable cost and accumulated depreciation. Costs capitalized as part of initial customer installations include materials, direct labor, and certain indirect costs. These indirect costs are associated with the activities of personnel who assist in connecting and activating the new service, and consist of compensation and overhead costs associated with these support functions. The costs of disconnecting service at a customer's dwelling or reconnecting service to a previously installed dwelling are charged to operating expense in the period incurred. As our service offerings mature and our reconnect activity increases, our capitalizable installations will continue to decrease and therefore our operating expenses will increase. Costs for repairs and maintenance are charged to operating expense as incurred, while equipment replacement, including replacement of certain components, and betterments, including replacement of cable drops from the pole to the dwelling, are capitalized.

We make judgments regarding the installation and construction activities to be capitalized. We capitalize direct labor and overhead using standards developed from actual costs and applicable operational data. We calculate standards annually (or more frequently if circumstances dictate) for items such as the labor rates, overhead rates, and the actual amount of time required to perform a capitalizable activity. For example, the standard amounts of time required to perform capitalizable activities are based on studies of the time required to perform such activities. Overhead rates are established based on an analysis of the nature of costs incurred in support of capitalizable activities, and a determination of the portion of costs that is directly attributable to capitalizable activities. The impact of changes that resulted from these studies were not material in the periods presented.

Labor costs directly associated with capital projects are capitalized. Capitalizable activities performed in connection with customer installations include such activities as:

- Dispatching a "truck roll" to the customer's dwelling for service connection;
- Verification of serviceability to the customer's dwelling (i.e., determining whether the customer's dwelling is capable of receiving service by our cable network and/or receiving advanced or Internet services);
- Customer premise activities performed by in-house field technicians and third-party contractors in connection with customer installations, installation of network equipment in connection with the installation of expanded services, and equipment replacement and betterment; and
- Verifying the integrity of the customer's network connection by initiating test signals downstream from the headend to the customer's digital set-top box.

Judgment is required to determine the extent to which overhead costs incurred result from specific capital activities, and therefore should be capitalized. The primary costs that are included in the determination of the overhead rate are (i) employee benefits and payroll taxes associated with capitalized direct labor, (ii) direct variable costs associated with capitalizable activities, consisting primarily of installation and construction vehicle costs, (iii) the cost of support personnel, such as dispatchers, who directly assist with capitalizable installation activities, and (iv) indirect costs directly attributable to capitalizable activities.

While we believe our existing capitalization policies are appropriate, a significant change in the nature or extent of our system activities could affect management's judgment about the extent to which we should capitalize direct labor or overhead in the future. We monitor the appropriateness of our capitalization policies, and perform updates to our internal studies on an ongoing basis to determine whether facts or circumstances warrant a change to our capitalization policies. We capitalized internal direct labor and overhead of \$202 million, \$199 million and \$205 million, respectively, for the years ended December 31, 2012, 2011 and 2010.

**Impairment.** We evaluate the recoverability of our property, plant and equipment upon the occurrence of events or changes in circumstances indicating that the carrying amount of an asset may not be recoverable. Such events or changes in circumstances could include such factors as the impairment of our indefinite life franchises, changes in technological advances, fluctuations in the fair value of such assets, adverse changes in relationships with local franchise authorities, adverse changes in market conditions, or a deterioration of current or expected future operating results. A long-lived asset is deemed impaired when the carrying amount of the asset exceeds the projected undiscounted future cash flows associated with the asset. No impairments of long-lived assets to be held and used were recorded in the years ended December 31, 2012, 2011 and 2010.

**Useful lives of property, plant and equipment.** We evaluate the appropriateness of estimated useful lives assigned to our property, plant and equipment, based on annual analyses of such useful lives, and revise such lives to the extent warranted by changing facts and circumstances. Any changes in estimated useful lives as a result of these analyses are reflected prospectively beginning in the period in which the study is completed. Our analysis of useful lives in 2012 did not indicate a change in useful lives. The effect of a one-year decrease in the weighted average remaining useful life of our property, plant and equipment as of December 31, 2012 would be an increase in annual depreciation expense of approximately \$86 million. The effect of a one-year increase in the

weighted average remaining useful life of our property, plant and equipment as of December 31, 2012 would be a decrease in annual depreciation expense of approximately \$193 million.

Depreciation expense related to property, plant and equipment totaled \$1.4 billion, \$1.3 billion and \$1.2 billion for the years ended December 31, 2012, 2011 and 2010, respectively, representing approximately 21%, 21% and 20% of costs and expenses, respectively. Depreciation is recorded using the straight-line composite method over management's estimate of the useful lives of the related assets as listed below:

Cable distribution systems.....	7-20 years
Customer equipment and installations.....	4-8 years
Vehicles and equipment.....	1-6 years
Buildings and leasehold improvements.....	15-40 years
Furniture, fixtures and equipment.....	6-10 years

### ***Intangible assets***

***Impairment of franchises.*** The net carrying value of franchises as of both December 31, 2012 and 2011 was approximately \$5.3 billion (representing 34% of total assets). Franchise rights represent the value attributed to agreements or authorizations with local and state authorities that allow access to homes in cable service areas. For valuation purposes, they are defined as the future economic benefits of the right to solicit and service potential customers (customer marketing rights), and the right to deploy and market new services, such as Internet and telephone, to potential customers (service marketing rights).

Franchise intangible assets that meet specified indefinite life criteria must be tested for impairment annually, or more frequently as warranted by events or changes in circumstances. In determining whether our franchises have an indefinite life, we considered the likelihood of franchise renewals, the expected costs of franchise renewals, and the technological state of the associated cable systems, with a view to whether or not we are in compliance with any technology upgrading requirements specified in a franchise agreement. We have concluded that as of December 31, 2012 and 2011 all of our franchises qualify for indefinite life treatment.

Franchises are aggregated into essentially inseparable units of accounting to conduct valuations. The units of accounting have historically represented geographical clustering of our cable systems into groups by which such systems were managed. In 2012, as a result of changes to our organizational structure, the evolution of competition in the industry, and changes in the regulatory environment, we concluded that the highest and best use of our franchise assets is at the consolidated level and as such combined our units of accounting into one unit as of November 30, 2012. As required by the accounting guidance on testing indefinite-lived intangible assets for impairment, we tested our franchise assets first based on the prior units of accounting before testing the new unit of accounting. No impairment was identified based on the new or prior units of accounting.

During 2012, we early adopted Accounting Standards Update ("ASU") No. 2012-02, Testing Indefinite Lived Intangible Assets for Impairment. This new standard gives us the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that an indefinite lived intangible asset has been impaired. If, after this qualitative assessment, we determine that it is not more likely than not that an indefinite lived intangible asset has been impaired, then no further quantitative testing is necessary. In completing our 2012 impairment testing of both the prior units of accounting and the new unit of accounting, we elected to perform this qualitative assessment. As such, we evaluated the impact of various factors to the expected future cash flows attributable to each of our units of accounting and to the assumed discount rate used to present value those cash flows. Such factors included macro-economic and industry conditions including the capital markets, regulatory, and competitive environment, and costs of programming and customer premise equipment along with changes to our organizational structure and strategies. After consideration of these qualitative factors, we concluded that it is more likely than not that the fair value of the franchise assets in each unit of accounting exceeds the carrying value of such assets and therefore did not perform a quantitative analysis in 2012.

If we are required to perform a quantitative analysis to test our franchise assets for impairment, we determine the estimated fair value of each unit of accounting utilizing an income approach model based on the present value of the estimated discrete future cash flows attributable to each of the intangible assets identified for each unit assuming a discount rate. The fair value of franchises for impairment testing is determined based on estimated discrete discounted future cash flows using assumptions consistent with internal forecasts. The franchise after-tax cash flow is calculated as the after-tax cash flow generated by the potential customers obtained (less the anticipated customer churn), and the new services added to those customers in future periods. The sum of the present value of the franchises' after-tax cash flow in years 1 through 10 and the continuing value of the after-tax cash flow beyond year 10 yields the fair value of the franchises.

This approach makes use of unobservable factors such as projected revenues, expenses, capital expenditures, and a discount rate applied to the estimated cash flows. The determination of the discount rate is based on a weighted average cost of capital approach, which uses a market participant's cost of equity and after-tax cost of debt and reflects the risks inherent in the cash flows. We estimate discounted future cash flows using reasonable and appropriate assumptions derived based on Charter's and its peers' historical operating performance adjusted for current and expected competitive and economic factors surrounding the cable industry. The estimates and assumptions made in our valuations are inherently subject to significant uncertainties, many of which are beyond our control, and there is no assurance that these results can be achieved. The primary assumptions for which there is a reasonable possibility of the occurrence of a variation that would significantly affect the measurement value include the assumptions regarding revenue growth, programming expense growth rates, the amount and timing of capital expenditures and the discount rate utilized. The quantitative franchise valuations completed for the years ended December 31, 2011 and 2010 showed franchise values in excess of book values and thus resulted in no impairment.

**Impairment and amortization of customer relationships.** The net carrying value of customer relationships as of December 31, 2012 and 2011 was approximately \$1.4 billion (representing 9% of total assets) and \$1.7 billion (representing 11% of total assets), respectively. Customer relationships, for valuation purposes, represent the value of the business relationship with existing customers (less the anticipated customer churn), and are calculated by projecting the discrete future after-tax cash flows from these customers, including the right to deploy and market additional services to these customers. The present value of these after-tax cash flows yields the fair value of the customer relationships. The use of different valuation assumptions or definitions of franchises or customer relationships, such as our inclusion of the value of selling additional services to our current customers within customer relationships versus franchises, could significantly impact our valuations and any resulting impairment.

We evaluate the recoverability of customer relationships upon the occurrence of events or changes in circumstances indicating that the carrying amount of an asset may not be recoverable. Customer relationships are deemed impaired when the carrying value exceeds the projected undiscounted future cash flows associated with the customer relationships. No impairment of customer relationships was recorded in the years ended December 31, 2012, 2011 and 2010.

Customer relationships are amortized on an accelerated method over useful lives of 11-15 years based on the period over which current customers are expected to generate cash flows. Amortization expense related to customer relationships for the years ended December 31, 2012, 2011 and 2010 was approximately \$280 million, \$306 million and \$331 million, respectively.

**Impairment of goodwill.** The net carrying value of goodwill as of December 31, 2012 and 2011 was approximately \$953 million (representing 6% of total assets) and \$954 million (representing 6% of total assets), respectively. Goodwill is tested for impairment as of November 30 of each year, or more frequently as warranted by events or changes in circumstances. Accounting guidance also permits a qualitative assessment for goodwill to determine whether it is more likely than not that the carrying value of a reporting unit exceeds its fair value. If, after this qualitative assessment, we determine that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount then no further quantitative testing would be necessary. If we are required to perform the two-step test under the accounting guidance, the first step involves a comparison of the estimated fair value of each of our reporting units to its carrying amount. If the estimated fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is not considered impaired and the second step of the goodwill impairment is not necessary. If the carrying amount of a reporting unit exceeds its estimated fair value, then the second step of the goodwill impairment test must be performed, and a comparison of the implied fair value of the reporting unit's goodwill is compared to its carrying amount to determine the amount of impairment, if any. Reporting units, consistent with the units of accounting used for franchise impairment testing, were consolidated into one reporting unit as of November 30, 2012. Likewise the fair values of the reporting units, when performing the second step of the goodwill impairment test, are determined using a consistent income approach model as that used for franchise impairment testing. As with our franchise impairment testing, we elected to perform a qualitative assessment for our goodwill impairment testing and concluded that none of our reporting units are impaired based on the new or prior reporting units. Our 2011 and 2010 quantitative impairment analyses also did not result in any goodwill impairment charges.

**Impairment of trademarks.** The net carrying value of trademarks as of both December 31, 2012 and 2011 was approximately \$158 million (representing 1% of total assets). Trademarks are tested annually for impairment, or more frequently as warranted by events or changes in circumstances. The fair value of trademarks is determined using the relief-from-royalty method which applies a fair royalty rate to estimated revenue. Royalty rates are estimated based on a review of market royalty rates in the communications and entertainment industries. As we expect to continue to use each trade name indefinitely, trademarks have been assigned an indefinite life and are tested annually for impairment using either a qualitative analysis or quantitative analysis as elected by management. The qualitative analysis in 2012 did not identify any factors that would indicate that it was more likely than not that the fair value of trademarks were less than the carrying value and thus resulted in no impairment.



## ***Income taxes***

All of Charter's operations are held through Charter Holdco and its direct and indirect subsidiaries. Charter Holdco and the majority of its subsidiaries are generally limited liability companies that are not subject to income tax. However, certain of these limited liability companies are subject to state income tax. In addition, the indirect subsidiaries that are corporations are subject to federal and state income tax. All of the remaining taxable income, gains, losses, deductions and credits of Charter Holdco pass through to Charter and its direct subsidiaries.

As of December 31, 2012, Charter and its indirect corporate subsidiaries had approximately \$7.7 billion of federal tax net operating loss carryforwards, capital loss carryforwards and suspended losses resulting in a gross deferred tax asset of approximately \$2.7 billion. Federal tax net operating and capital loss carryforwards expire in the years 2014 through 2032. Federal suspended losses can generally be carried forward indefinitely. These losses resulted from the operations of Charter Holdco and its subsidiaries. In addition, as of December 31, 2012, Charter and its indirect corporate subsidiaries had state tax net operating loss carryforwards, capital loss carryforwards and suspended losses, resulting in a gross deferred tax asset (net of federal tax benefit) of approximately \$252 million. State tax net operating and capital loss carryforwards generally expire in the years 2013 through 2032. State suspended losses can generally be carried forward indefinitely. Due to uncertainties in projected future taxable income, valuation allowances have been established against the gross deferred tax assets for book accounting purposes, except for future taxable income that will result from the reversal of existing temporary differences for which deferred tax liabilities are recognized. Such tax loss carryforwards can accumulate and be used to offset Charter's future taxable income.

The consummation of the Plan generated an "ownership change" as defined in Section 382 of the Code. As a result, Charter is subject to limitation on the use of approximately 52% of its tax loss carryforwards. Further, Charter's net operating loss carryforwards have been reduced by the amount of the cancellation of debt income resulting from the Plan that was allocable to Charter. The limitation on Charter's ability to use its tax loss carryforwards, in conjunction with the loss expiration provisions, could reduce its ability to use a portion of Charter's tax loss carryforwards to offset future taxable income.

As of December 31, 2012, \$3.7 billion of federal tax loss carryforwards are unrestricted and available for Charter's immediate use, while approximately \$4.0 billion of federal tax loss carryforwards and suspended losses are still subject to Section 382 and other restrictions. Pursuant to these restrictions, an aggregate of \$932 million, in varying amounts from 2013 to 2014, and an additional \$226 million annually over each of the next 12 years of federal tax loss carryforwards, should become unrestricted and available for Charter's use. Charter's remaining \$400 million of suspended losses carry forward indefinitely until such time as either tax basis is restored or other tax strategies are implemented. Both Charter's indirect corporate subsidiary and state tax loss carryforwards are subject to similar but varying restrictions.

In addition to its tax loss carryforwards and suspended losses, Charter also has tax basis of \$3.7 billion in intangible assets and \$5.2 billion in property, plant, and equipment as of December 31, 2012. The tax basis in these assets is not subject to Section 382 limitations and therefore the related amortization and depreciation is currently deductible. For illustrative purposes, Charter expects to reflect tax-deductible amortization and depreciation on assets owned as of December 31, 2012, beginning at approximately \$1.9 billion in 2013 and decelerating over the following 4 years, totaling an estimated \$6.3 billion over the five year period. The foregoing projected deductions do not include any amortization or depreciation related to future capital spend or potential acquisitions. In addition, the deductions assume Charter does not dispose of a material portion of its business or make modifications to the underlying partnerships it owns, all of which may materially affect the timing or amount of its existing amortization and depreciation deductions. Any one of these factors or future legislation or adjustments by the IRS upon examination could also affect the projected deductions.

As of December 31, 2012 and 2011, we have recorded net deferred income tax liabilities of \$1.1 billion and \$824 million, respectively. Net deferred tax liabilities included approximately \$219 million and \$221 million at December 31, 2012 and 2011, respectively, relating to certain indirect subsidiaries of Charter Holdco that file separate federal or state income tax returns. The remainder of our net deferred tax liability arose from Charter's investment in Charter Holdco, and was largely attributable to the characterization of franchises for financial reporting purposes as indefinite-lived. As part of our net liability, on December 31, 2012 and 2011, we had gross deferred tax assets of \$3.9 billion and \$3.8 billion, respectively, which primarily relate to tax losses allocated to Charter from Charter Holdco. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. Due to our history of losses, we were unable to assume future taxable income in our analysis and accordingly valuation allowances have been established except for deferred benefits available to offset certain deferred tax liabilities that will reverse over time. Accordingly, our gross deferred tax assets have been offset with a corresponding valuation allowance of \$2.9 billion and \$2.6 billion at December 31, 2012 and 2011, respectively. The amount of the deferred tax assets considered realizable and, therefore, reflected in the consolidated balance sheet, would be increased at such time that it is more-likely-than-not future taxable income will be realized during the carryforward

period. At the time this consideration is met, an adjustment to reverse some portion of the existing valuation allowance would result.

In determining our tax provision for financial reporting purposes, Charter establishes a reserve for uncertain tax positions unless such positions are determined to be “more likely than not” of being sustained upon examination, based on their technical merits. In evaluating whether a tax position has met the more-likely-than-not recognition threshold, we presume the position will be examined by the appropriate taxing authority that has full knowledge of all relevant information. A tax position that meets the more-likely-than-not recognition threshold is measured to determine the amount of benefit to be recognized in our financial statements. The tax position is measured as the largest amount of benefit that has a greater than 50% likelihood of being realized when the position is ultimately resolved. There is considerable judgment involved in determining whether positions taken on the tax return are “more likely than not” of being sustained. As of December 31, 2012 and 2011, we have recorded \$202 million and \$228 million, respectively, of liabilities for uncertain tax positions.

Charter adjusts its uncertain tax reserve estimates periodically because of ongoing examinations by, and settlements with, the various taxing authorities, as well as changes in tax laws, regulations and interpretations.

No tax years for Charter or Charter Holdco are currently under examination by the Internal Revenue Service. Tax years ending 2009 through 2012 remain subject to examination and assessment. Years prior to 2009 remain open solely for purposes of examination of Charter’s net operating loss and credit carryforwards.

### ***Litigation***

Legal contingencies have a high degree of uncertainty. When a loss from a contingency becomes estimable and probable, a reserve is established. The reserve reflects management’s best estimate of the probable cost of ultimate resolution of the matter and is revised as facts and circumstances change. A reserve is released when a matter is ultimately brought to closure or the statute of limitations lapses. We have established reserves for certain matters. Although certain matters are not expected individually to have a material adverse effect on our consolidated financial condition, results of operations or liquidity, such matters could have, in the aggregate, a material adverse effect on our consolidated financial condition, results of operations or liquidity.

### ***Programming Agreements***

We exercise significant judgment in estimating programming expense associated with certain video programming contracts. Our policy is to record video programming costs based on our contractual agreements with our programming vendors, which are generally multi-year agreements that provide for us to make payments to the programming vendors at agreed upon market rates based on the number of customers to which we provide the programming service. If a programming contract expires prior to the parties’ entry into a new agreement and we continue to distribute the service, we estimate the programming costs during the period there is no contract in place. In doing so, we consider the previous contractual rates, inflation and the status of the negotiations in determining our estimates. When the programming contract terms are finalized, an adjustment to programming expense is recorded, if necessary, to reflect the terms of the new contract. We also make estimates in the recognition of programming expense related to other items, such as the accounting for free periods, timing of rate increases and credits from service interruptions, as well as the allocation of consideration exchanged between the parties in multiple-element transactions.

Significant judgment is also involved when we enter into agreements that result in us receiving cash consideration from the programming vendor, usually in the form of advertising sales, channel positioning fees, launch support or marketing support. In these situations, we must determine based upon facts and circumstances if such cash consideration should be recorded as revenue, a reduction in programming expense or a reduction in another expense category (e.g., marketing).

## Results of Operations

The following table sets forth the percentages of revenues that items in the accompanying consolidated statements of operations constituted for the periods presented (dollars in millions, except per share data):

	Year Ended December 31,								
	2012		2011		2010				
Revenues	\$	7,504	100%	\$	7,204	100%	\$	7,059	100%
<b>Costs and Expenses:</b>									
Operating costs and expenses (excluding depreciation and amortization)		4,860	65%		4,564	63%		4,486	64%
Depreciation and amortization		1,713	23%		1,592	22%		1,524	22%
Other operating expenses, net		15	—%		7	—%		25	—%
		<u>6,588</u>	<u>88%</u>		<u>6,163</u>	<u>86%</u>		<u>6,035</u>	<u>85%</u>
Income from operations		916	12%		1,041	14%		1,024	15%
Interest expense, net		(907)			(963)			(877)	
Loss on extinguishment of debt		(55)			(143)			(85)	
Other expense, net		(1)			(5)			(4)	
Income (loss) before income taxes		<u>(47)</u>			<u>(70)</u>			<u>58</u>	
Income tax expense		(257)			(299)			(295)	
Net loss	\$	<u>(304)</u>		\$	<u>(369)</u>		\$	<u>(237)</u>	
<b>LOSS PER COMMON SHARE, BASIC AND DILUTED:</b>	\$	<u>(3.05)</u>		\$	<u>(3.39)</u>		\$	<u>(2.09)</u>	
Weighted average common shares outstanding, basic and diluted		<u>99,657,989</u>			<u>108,948,554</u>			<u>113,138,461</u>	

**Revenues.** Total revenues grew \$300 million or 4% in the year ended December 31, 2012 as compared to 2011 and grew \$145 million or 2% in the year ended December 31, 2011 as compared to 2010. Revenue growth primarily reflects increases in the number of residential Internet and commercial business customers, incremental video revenues from DVR and HD television services and growth in advertising sales, offset by a decrease in basic video customers. Asset sales and acquisitions increased revenues in 2012 as compared to 2011 by approximately \$20 million and decreased revenues in 2011 as compared to 2010 by approximately \$45 million.

Revenues by service offering were as follows (dollars in millions):

	Years ended December 31,									
	2012		2011		2010		2012 over 2011		2011 over 2010	
	Revenues	% of Revenues	Revenues	% of Revenues	Revenues	% of Revenues	Change	% Change	Change	% Change
Video	\$ 3,639	48%	\$ 3,639	51%	\$ 3,729	53%	\$ —	—%	\$ (90)	(2)%
Internet	1,866	25%	1,708	24%	1,609	23%	158	9%	99	6%
Telephone	828	11%	858	12%	823	12%	(30)	(3)%	35	4%
Commercial	658	9%	544	8%	451	6%	114	21%	93	21%
Advertising sales	334	4%	292	4%	291	4%	42	14%	1	—%
Other	179	2%	163	2%	156	2%	16	10%	7	4%
	<u>\$ 7,504</u>	<u>100%</u>	<u>\$ 7,204</u>	<u>100%</u>	<u>\$ 7,059</u>	<u>100%</u>	<u>\$ 300</u>	<u>4%</u>	<u>\$ 145</u>	<u>2%</u>

Certain prior year amounts have been reclassified to conform with the 2012 presentation, including the reflection of revenues earned from customers residing in multi-dwelling residential structures from commercial revenues to video and Internet revenues. See “Part I. Item 1. Business — Products and Services” for definitions of customers and ARPU discussed below.

Video revenues consist primarily of revenues from basic and digital video services provided to our non-commercial customers, as well as franchise fees, equipment rental and video installation revenue. Average monthly video revenue per residential basic video customer, measured on an annual basis, has increased from \$69 in 2010 to \$72 in 2011 and \$74 in 2012 as a result of price increases, incremental revenues from DVR and HD television services and declines in the number of residential basic video customers. Residential basic video customers decreased by 155,000 and 182,000 customers in 2012 and 2011, respectively, or 152,000 and 210,000 customers in 2012 and 2011, respectively, after giving effect to asset sales and acquisitions. The changes in video revenues are attributable to the following (dollars in millions):

	<u>2012 compared to 2011</u>	<u>2011 compared to 2010</u>
Decrease in basic video customers	\$ (89)	\$ (113)
Decrease in premium, OnDemand and pay-per-view	(39)	(21)
Incremental video services and price adjustments	115	74
Asset sales and acquisitions	13	(30)
	<u>\$ —</u>	<u>\$ (90)</u>

Average monthly Internet revenue per Internet customer, measured on an annual basis, has remained constant at \$42 in 2010, 2011 and 2012. Residential Internet customers grew by 293,000 and 246,000 customers in 2012 and 2011, respectively, or 295,000 and 229,000 customers in 2012 and 2011, respectively, after giving effect to asset sales and acquisitions. The increases in Internet revenues from our residential customers are attributable to the following (dollars in millions):

	<u>2012 compared to 2011</u>	<u>2011 compared to 2010</u>
Increase in residential Internet customers	\$ 136	\$ 96
Service level changes and price adjustments	17	11
Asset sales and acquisitions	5	(8)
	<u>\$ 158</u>	<u>\$ 99</u>

Average monthly telephone revenue per telephone customer, measured on an annual basis, has decreased from \$42 in 2010 to \$41 in 2011 to \$37 in 2012. The decrease is due to value-based pricing and revenue allocation in multi-product packages. Residential telephone customers grew by 123,000 and 74,000 customers in 2012 and 2011, respectively, or 122,000 and 69,000 customers in 2012 and 2011, respectively, after giving effect to asset sales and acquisitions. The increases in telephone revenues from our residential customers are attributable to the following (dollars in millions):

	<u>2012 compared to 2011</u>	<u>2011 compared to 2010</u>
Price adjustments and service level changes	\$ (71)	\$ (15)
Increase in residential telephone customers	40	50
Asset sales and acquisitions	1	—
	<u>\$ (30)</u>	<u>\$ 35</u>

Commercial revenues consist primarily of revenues from services provided to our commercial customers. Commercial PSUs increased 55,000 and 36,000 in 2012 and 2011, respectively. The increases in commercial revenues are attributable to the following (dollars in millions):

	<u>2012 compared to 2011</u>	<u>2011 compared to 2010</u>
Sales to small-to-medium sized business customers	\$ 87	\$ 71
Carrier site customers	17	18
Other	9	9
Asset sales and acquisitions	1	(5)
	<u>\$ 114</u>	<u>\$ 93</u>

Advertising sales revenues consist primarily of revenues from commercial advertising customers, programmers and other vendors. Advertising sales revenues increased in 2012 primarily as a result of an increase in revenue from the political and automotive sectors of \$20 million and \$12 million, respectively. In 2011, advertising sales revenues increased as a result of an increase in revenue from the automotive sector of \$3 million combined with an \$8 million change to account for revenues received from selling advertising for third parties on a gross basis rather than a net basis, offset by a decrease in revenue from the political sector of \$10 million. Asset sales and acquisitions reduced the increase in advertising sales revenue by approximately \$1 million in 2011. For the years ended December 31, 2012, 2011 and 2010, we received \$59 million, \$51 million and \$46 million, respectively, in advertising sales revenues from vendors.

Other revenues consist of home shopping, late payment fees, wire maintenance fees and other miscellaneous revenues. The increase in 2012 was primarily the result of increases in late payment fees. The increase in 2011 was primarily the result of increases in late payment fees and wire maintenance fees. Asset sales and acquisitions reduced the increase in other revenues in 2011 by approximately \$1 million.

**Operating costs and expenses.** The increases in our operating costs and expenses are attributable to the following (dollars in millions):

	<u>2012 compared to 2011</u>	<u>2011 compared to 2010</u>
Programming	\$ 100	\$ 73
Franchise, regulatory and connectivity	8	(5)
Costs to service customers	90	17
Marketing	34	(5)
Other	49	34
Asset sales and acquisitions	15	(36)
	<u>\$ 296</u>	<u>\$ 78</u>

Programming costs were approximately \$2.0 billion, \$1.9 billion and \$1.8 billion, representing 41% of operating costs and expenses for each of the years ended December 31, 2012, 2011 and 2010, respectively. Programming costs consist primarily of costs paid to programmers for basic, premium, digital, OnDemand, and pay-per-view programming. The increases in programming costs are primarily a result of annual contractual rate adjustments, including increases in amounts paid for retransmission consents and for new programming, offset in part by asset sales and customer losses. Programming costs were also offset by the amortization of payments received from programmers of \$6 million, \$7 million and \$17 million in 2012, 2011 and 2010, respectively. We expect programming expenses to continue to increase due to a variety of factors, including increased demands by owners of some broadcast stations for carriage of other services or payments to those broadcasters for retransmission consent, annual increases imposed by programmers with additional selling power as a result of media consolidation, and additional programming, including new sports services and non-linear programming for on-line and OnDemand programming. We have been unable to fully pass these increases on to our customers nor do we expect to be able to do so in the future without a potential loss of customers.

Costs to service customers include residential and commercial costs related to field operations, network operations and customer care including labor, reconnects, maintenance, billing, occupancy and vehicle costs. The increase in costs to service customers for the year ended December 31, 2012 was primarily the result of increased preventive maintenance levels and higher service labor.

The increase in marketing costs for the year ended December 31, 2012 was the result of increased media investment and commercial marketing as well as a \$7 million favorable adjustment in the second quarter of 2011 related to expenses previously accrued on 2010 marketing campaigns.

The increases in other expense are attributable to the following (dollars in millions):

	<u>2012 compared to 2011</u>	<u>2011 compared to 2010</u>
Commercial sales expense	\$ 20	\$ 41
Advertising sales expense	15	5
Stock compensation expense	15	9
Administrative labor	10	(1)
Bad debt and collections	(18)	(23)
Other	7	3
	<u>\$ 49</u>	<u>\$ 34</u>

Commercial and advertising sales expenses increased in 2012 compared to 2011 and 2011 compared to 2010 primarily related to growth in these businesses. The decreases in bad debt and collections expense in both periods are primarily due to decreases in write-offs. We cannot assure you that this trend will continue.

**Depreciation and amortization.** Depreciation and amortization expense increased by \$121 million and \$68 million in 2012 and 2011, respectively, which primarily represents depreciation on more recent capital expenditures, offset by certain assets becoming fully depreciated and a decrease in the amortization of customer relationships.

**Other operating expenses, net.** The changes in other operating expenses, net are attributable to the following (dollars in millions):

	<u>2012 compared to 2011</u>	<u>2011 compared to 2010</u>
Increases in gain on sales of assets	\$ (1)	\$ (13)
Increases (decreases) in special charges, net	9	(5)
	<u>\$ 8</u>	<u>\$ (18)</u>

The increase in special charges in 2012 as compared to 2011 is a result of an increase in severance charges as part of our corporate office relocation and settlements. For more information, see Note 14 to the accompanying consolidated financial statements contained in "Item 8. Financial Statements and Supplementary Data."

**Interest expense, net.** Net interest expense decreased by \$56 million in 2012 from 2011 and increased by \$86 million in 2011 from 2010. Net interest expense decreased in 2012 compared to 2011 primarily as a result of a decrease in our weighted average interest rate from 7.3% for the year ended December 31, 2011 to 6.5% for the year ended December 31, 2012 offset by an increase in our weighted average debt outstanding from \$12.6 billion for the year ended December 31, 2011 to \$13.0 billion for the year ended December 31, 2012. Net interest expense increased in 2011 compared to 2010 primarily as a result of an increase in our weighted average interest rate from 6.2% for the year ended December 31, 2010 to 7.3% for the year ended December 31, 2011 offset by a decrease in our weighted average debt outstanding from \$12.8 billion for the year ended December 31, 2010 to \$12.6 billion for the year ended December 31, 2011.

**Loss on extinguishment of debt.** Loss on extinguishment of debt consists of the following for the years ended December 31, 2012, 2011 and 2010 (dollars in millions):

	Year ended December 31,		
	2012	2011	2010
Charter Operating credit amendment / prepayments	\$ (92)	\$ (120)	\$ (51)
CCH II notes redemptions	46	(6)	—
Charter Operating notes repurchases	(9)	(17)	(17)
CCO Holdings notes repurchases / exchanges	—	—	(17)
	<u>\$ (55)</u>	<u>\$ (143)</u>	<u>\$ (85)</u>

The gains and losses on extinguishment of debt primarily represent premiums paid to redeem debt and noncash write-offs of discounts and premiums recognized as a part of the application of fresh start accounting upon emergence from bankruptcy in 2009. For more information, see Note 7 to the accompanying consolidated financial statements contained in “Item 8. Financial Statements and Supplementary Data.”

**Income tax expense.** Income tax expense of \$257 million, \$299 million and \$295 million was recognized for the years ended December 31, 2012, 2011 and 2010, respectively, primarily through increases in deferred tax liabilities related to our investment in Charter Holdco and certain of our indirect subsidiaries, in addition to \$7 million, \$9 million and \$8 million of current federal and state income tax expense, respectively. Income tax expense for the year ended December 31, 2011 included an \$8 million expense for a state tax law change. Income tax expense for the year ended December 31, 2010 included \$23 million expense related primarily to changes in estimates on the 2009 tax provision, a \$16 million expense related to asset sales occurring in 2010 and a \$69 million benefit related to the February 8, 2010 Charter Holdco partnership interest exchange.

**Net loss.** We incurred net loss of \$304 million, \$369 million and \$237 million for the years ended December 31, 2012, 2011 and 2010, respectively, primarily as a result of the factors described above.

**Loss per common share.** During 2012 and 2011, net loss per common share decreased by \$0.34 and increased by \$1.30, respectively, as a result of the factors described above offset by a decrease in our weighted average common shares outstanding as a result of share repurchases in 2011.

#### Use of Adjusted EBITDA and Free Cash Flow

We use certain measures that are not defined by GAAP to evaluate various aspects of our business. Adjusted EBITDA and free cash flow are non-GAAP financial measures and should be considered in addition to, not as a substitute for, net loss and net cash flows from operating activities reported in accordance with GAAP. These terms, as defined by us, may not be comparable to similarly titled measures used by other companies. Adjusted EBITDA and free cash flow are reconciled to net loss and net cash flows from operating activities, respectively, below.

Adjusted EBITDA is defined as net loss plus net interest expense, income taxes, depreciation and amortization, stock compensation expense, loss on extinguishment of debt and other operating expenses, such as special charges and (gain) loss on sale or retirement of assets. As such, it eliminates the significant non-cash depreciation and amortization expense that results from the capital-intensive nature of our businesses as well as other non-cash or special items, and is unaffected by our capital structure or investment activities. Adjusted EBITDA is used by management and Charter’s board of directors to evaluate the performance of our business. However, this measure is limited in that it does not reflect the periodic costs of certain capitalized tangible and intangible assets used in generating revenues and our cash cost of financing. Management evaluates these costs through other financial measures.

Free cash flow is defined as net cash flows from operating activities, less capital expenditures and changes in accrued expenses related to capital expenditures.

We believe that Adjusted EBITDA and free cash flow provide information useful to investors in assessing our performance and our ability to service our debt, fund operations and make additional investments with internally generated funds. In addition, Adjusted EBITDA generally correlates to the leverage ratio calculation under our credit facilities or outstanding notes to determine compliance with the covenants contained in the facilities and notes (all such documents have been previously filed with the United

States Securities and Exchange Commission). For the purpose of calculating compliance with leverage covenants, we use Adjusted EBITDA, as presented, excluding certain expenses paid by our operating subsidiaries to other Charter entities. Our debt covenants refer to these expenses as management fees, which fees were in the amount of \$191 million, \$151 million and \$144 million for the years ended December 31, 2012, 2011 and 2010, respectively.

	Years ended December 31,		
	2012	2011	2010
Net loss	\$ (304)	\$ (369)	\$ (237)
Plus: Interest expense, net	907	963	877
Income tax expense	257	299	295
Depreciation and amortization	1,713	1,592	1,524
Stock compensation expense	50	35	26
Loss on extinguishment of debt	55	143	85
Other, net	16	12	29
Adjusted EBITDA	<u>\$ 2,694</u>	<u>\$ 2,675</u>	<u>\$ 2,599</u>
Net cash flows from operating activities	\$ 1,876	\$ 1,737	\$ 1,928
Less: Purchases of property, plant and equipment	(1,745)	(1,311)	(1,209)
Change in accrued expenses related to capital expenditures	13	57	8
Free cash flow	<u>\$ 144</u>	<u>\$ 483</u>	<u>\$ 727</u>

## Liquidity and Capital Resources

### Introduction

This section contains a discussion of our liquidity and capital resources, including a discussion of our cash position, sources and uses of cash, access to credit facilities and other financing sources, historical financing activities, cash needs, capital expenditures and outstanding debt.

### Overview of Our Contractual Obligations and Liquidity

We have significant amounts of debt. The accreted value of our debt as of December 31, 2012 was \$12.8 billion, consisting of \$3.6 billion of credit facility debt and \$9.2 billion of high-yield notes. Our business requires significant cash to fund principal and interest payments on our debt. As of December 31, 2012, \$260 million of our long-term debt matures in 2013, \$411 million in 2014, \$98 million in 2015, \$1.6 billion in 2016, \$1.7 billion in 2017 and \$9.0 billion thereafter. As of December 31, 2012, we had other contractual obligations, including interest on our debt, totaling \$6.6 billion. During 2013, we currently expect capital expenditures to be approximately \$1.7 billion.

Our projected cash needs and projected sources of liquidity depend upon, among other things, our actual results, and the timing and amount of our expenditures. Free cash flow was \$144 million, \$483 million and \$727 million for the years ended December 31, 2012, 2011 and 2010, respectively. We expect to continue to generate free cash flow for 2013. As of December 31, 2012, the amount available under our credit facilities was approximately \$960 million. We expect to utilize free cash flow and availability under our credit facilities as well as future refinancing transactions to further extend the maturities of or reduce the principal on our obligations. The timing and terms of any refinancing transactions will be subject to market conditions. Additionally, we may, from time to time, depending on market conditions and other factors, use cash on hand and the proceeds from securities offerings or other borrowings, to retire our debt through open market purchases, privately negotiated purchases, tender offers, or redemption provisions. We believe we have sufficient liquidity from cash on hand, free cash flow and Charter Operating's revolving credit facility as well as access to the capital markets to fund our projected operating cash needs.

We continue to evaluate the deployment of our anticipated future free cash flow including to reduce our leverage, and to invest in our business growth and other strategic opportunities, including mergers and acquisitions as well as stock repurchases and dividends. As possible acquisitions, swaps or dispositions arise in our industry, we actively review them against our objectives



including, among other considerations, improving the operational efficiency and clustering of our business and achieving appropriate return targets, and we may participate to the extent we believe these possibilities present attractive opportunities. However, there can be no assurance that we will actually complete any acquisition, disposition or system swap or that any such transactions will be material to our operations or results.

### Free Cash Flow

Free cash flow was \$144 million, \$483 million and \$727 million for the years ended December 31, 2012, 2011 and 2010, respectively. The decrease in free cash flow in 2012 compared to 2011 is primarily due to an increase of \$434 million in capital expenditures. The decrease in free cash flow is offset by changes in operating assets and liabilities, excluding the change in accrued interest, that provided \$87 million more cash during 2012 driven by collection of receivables and an increase in accounts payable and accrued liabilities.

The decrease in free cash flow in 2011 compared to 2010 is primarily due to an increase of \$164 million in cash paid for interest and \$102 million of higher capital expenditures. The increase in interest payments was primarily related to higher interest rates as part of refinancing, net of timing of interest payments. Excluding the change in accrued interest, changes in operating assets and liabilities also provided \$59 million less cash during 2011 driven by one-time benefits in the first half of 2010 post emergence from bankruptcy along with timing of payments in 2011. These decreases in free cash flow in 2011 were partially offset by revenues increasing at a faster rate than cash expenses.

### Long-Term Debt

As of December 31, 2012, the accreted value of our total debt was approximately \$12.8 billion, as summarized below (dollars in millions):

	December 31, 2012		Semi-Annual Interest Payment Dates	Maturity Date (b)
	Principal Amount	Accreted Value (a)		
<b>CCO Holdings, LLC:</b>				
7.250% senior notes due 2017	\$ 1,000	\$ 1,000	4/30 & 10/30	10/30/2017
7.875% senior notes due 2018	900	900	4/30 & 10/30	4/30/2018
7.000% senior notes due 2019	1,400	1,392	1/15 & 7/15	1/15/2019
8.125% senior notes due 2020	700	700	4/30 & 10/30	4/30/2020
7.375% senior notes due 2020	750	750	6/1 & 12/1	6/1/2020
6.500% senior notes due 2021	1,500	1,500	4/30 & 10/30	4/30/2021
6.625% senior notes due 2022	750	746	1/31 & 7/31	1/31/2022
5.250% senior notes due 2022	1,250	1,238	3/30 & 9/30	9/30/2022
5.125% senior notes due 2023	1,000	1,000	2/15 & 8/15	2/15/2023
Credit facility due 2014	350	332		9/6/2014
<b>Charter Communications Operating, LLC:</b>				
Credit facilities	3,337	3,250		Varies
	<u>\$ 12,937</u>	<u>\$ 12,808</u>		

- (a) The accreted values presented above represent the fair value as of the date we emerged from Bankruptcy (see Note 18 to the accompanying consolidated financial statements contained in "Item 8. Financial Statements and Supplementary Data.") or the principal amount of the notes less the original issue discount at the time of sale, plus accretion to the balance sheet dates. However, the amount that is currently payable if the debt becomes immediately due is equal to the principal amount of the debt. We have availability under our credit facilities of approximately \$960 million as of December 31, 2012.
- (b) In general, the obligors have the right to redeem all of the notes set forth in the above table in whole or in part at their option, beginning at various times prior to their stated maturity dates, subject to certain conditions, upon the payment of the outstanding principal amount (plus a specified redemption premium) and all accrued and unpaid interest. For additional

information see Note 7 to the accompanying consolidated financial statements contained in “Item 8. Financial Statements and Supplementary Data.”

### Contractual Obligations

The following table summarizes our payment obligations as of December 31, 2012 under our long-term debt and certain other contractual obligations and commitments (dollars in millions.)

	Payments by Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
<b>Contractual Obligations (a)</b>					
Long-Term Debt Principal Payments (a)	\$ 12,937	\$ 260	\$ 509	\$ 3,211	\$ 8,957
Long-Term Debt Interest Payments (b)	5,347	762	1,507	1,388	1,690
Capital and Operating Lease Obligations (c)	125	32	49	30	14
Programming Minimum Commitments (d)	521	146	192	183	—
Other (e)	648	507	141	—	—
Total	\$ 19,578	\$ 1,707	\$ 2,398	\$ 4,812	\$ 10,661

- (a) The table presents maturities of long-term debt outstanding as of December 31, 2012. Refer to Notes 7 and 18 to our accompanying consolidated financial statements contained in “Item 8. Financial Statements and Supplementary Data” for a description of our long-term debt and other contractual obligations and commitments.
- (b) Interest payments on variable debt are estimated using amounts outstanding at December 31, 2012 and the average implied forward London Interbank Offering Rate (“LIBOR”) rates applicable for the quarter during the interest rate reset based on the yield curve in effect at December 31, 2012. Actual interest payments will differ based on actual LIBOR rates and actual amounts outstanding for applicable periods.
- (c) We lease certain facilities and equipment under noncancelable operating leases. Leases and rental costs charged to expense for the years ended December 31, 2012, 2011 and 2010, were \$28 million, \$27 million and \$28 million, respectively.
- (d) We pay programming fees under multi-year contracts ranging from three to ten years, typically based on a flat fee per customer, which may be fixed for the term, or may in some cases escalate over the term. Programming costs included in the accompanying statement of operations were approximately \$2.0 billion, \$1.9 billion and \$1.8 billion, for the years ended December 31, 2012, 2011 and 2010, respectively. Certain of our programming agreements are based on a flat fee per month or have guaranteed minimum payments. The table sets forth the aggregate guaranteed minimum commitments under our programming contracts.
- (e) “Other” represents other guaranteed minimum commitments, which consist primarily of commitments to our customer premise equipment vendors and billing services vendors.

The following items are not included in the contractual obligations table because the obligations are not fixed and/or determinable due to various factors discussed below. However, we incur these costs as part of our operations:

- We rent utility poles used in our operations. Generally, pole rentals are cancelable on short notice, but we anticipate that such rentals will recur. Rent expense incurred for pole rental attachments for the years ended December 31, 2012, 2011 and 2010 was \$47 million, \$49 million and \$50 million, respectively.
- We pay franchise fees under multi-year franchise agreements based on a percentage of revenues generated from video service per year. We also pay other franchise related costs, such as public education grants, under multi-year agreements. Franchise fees and other franchise-related costs included in the accompanying statement of operations were \$176 million, \$174 million and \$178 million for the years ended December 31, 2012, 2011 and 2010, respectively.
- We also have \$67 million in letters of credit, primarily to our various worker’s compensation, property and casualty, and general liability carriers, as collateral for reimbursement of claims.

### Limitations on Distributions

Distributions by Charter’s subsidiaries to a parent company for payment of principal on parent company notes are restricted under indentures and credit facilities governing our indebtedness, unless there is no default under the applicable indenture and credit

facilities, and unless each applicable subsidiary's leverage ratio test is met at the time of such distribution. As of December 31, 2012, there was no default under any of these indentures or credit facilities and each subsidiary met its applicable leverage ratio tests based on December 31, 2012 financial results. Such distributions would be restricted, however, if any such subsidiary fails to meet these tests at the time of the contemplated distribution. In the past, certain subsidiaries have from time to time failed to meet their leverage ratio test. There can be no assurance that they will satisfy these tests at the time of the contemplated distribution. Distributions by Charter Operating for payment of principal on CCO Holdings' notes and credit facility are further restricted by the covenants in its credit facilities.

In addition to the limitation on distributions under the various indentures discussed above, distributions by our subsidiaries may be limited by applicable law, including the Delaware Limited Liability Company Act, under which our subsidiaries may only make distributions if they have "surplus" as defined in the act.

### ***Historical Operating, Investing, and Financing Activities***

***Cash and Cash Equivalents.*** We held \$7 million and \$2 million in cash and cash equivalents as of December 31, 2012 and 2011, respectively. Additionally, we had \$27 million of restricted cash at the end of each respective period.

***Operating Activities.*** Net cash provided by operating activities increased \$139 million from \$1.7 billion for the year ended December 31, 2011 to \$1.9 billion for the year ended December 31, 2012. The increase is primarily due to changes in operating assets and liabilities, excluding the change in accrued interest and in liabilities related to capital expenditures, that provided \$131 million more cash during 2012 driven by collection of receivables and an increase in accounts payable and accrued liabilities.

Net cash provided by operating activities decreased \$191 million from \$1.9 billion for the year ended December 31, 2010 to \$1.7 billion for the year ended December 31, 2011, primarily as a result of an increase of \$164 million in cash paid for interest. The increase in interest payments was primarily related to higher interest rates as part of refinancing, net of timing of interest payments. Excluding the change in accrued interest and in liabilities related to capital expenditures, changes in operating assets and liabilities provided \$108 million less cash during 2011 driven by one-time benefits in the first half of 2010 post emergence from bankruptcy along with timing of payments in 2011. These decreases in cash provided by operating activities were offset by revenues increasing at a faster rate than cash expenses.

***Investing Activities.*** Net cash used in investing activities for the years ended December 31, 2012, 2011 and 2010, was \$1.7 billion, \$1.4 billion and \$1.2 billion, respectively. The increase in 2012 compared to 2011 is primarily due to higher capital expenditures. The increase in 2011 compared to 2010 is primarily due to an increase of \$102 million in purchases of property, plant and equipment as a result of capital investments to enhance our residential and commercial products and services capabilities and \$88 million related to our purchase of cable systems.

***Financing Activities.*** Net cash used in financing activities was \$134 million, \$373 million and \$1.5 billion for the years ended December 31, 2012, 2011 and 2010, respectively. The decrease in cash used during the year ended December 31, 2012 as compared to the corresponding period in 2011, was primarily the result of decreases in purchases of treasury stock offset by a decrease in the amount by which borrowings of long-term debt offset repayments of long-term debt. The decrease in cash used during the year ended December 31, 2011 as compared to the corresponding period in 2010, was primarily the result of increased borrowings of long-term debt, offset by increased repayments of long-term debt and purchases of treasury stock.

### ***Capital Expenditures***

We have significant ongoing capital expenditure requirements. Capital expenditures were \$1.7 billion, \$1.3 billion and \$1.2 billion for the years ended December 31, 2012, 2011 and 2010, respectively. The increase related to higher residential and commercial customer growth as well as higher set-top box placement in existing homes, investments in plant to improve service reliability, and expenditures for fleet replacement and real estate related to our organizational realignment. See the table below for more details.

During 2013, we currently expect capital expenditures to be approximately \$1.7 billion, excluding the impact of acquisitions. We anticipate 2013 capital expenditures to be driven by the deployment of additional set-top boxes in new and existing customer homes, growth in our commercial business, and further spend related to plant reliability, back-office support and our organizational realignment. The actual amount of our capital expenditures will depend on a number of factors including the growth rates of both our residential and commercial businesses, and the pace at which we progress to all-digital transmission.

Our capital expenditures are funded primarily from free cash flow and borrowings on our credit facility. In addition, our liabilities related to capital expenditures increased by \$13 million, \$57 million and \$8 million for the years ended December 31, 2012, 2011 and 2010, respectively.

The following table presents our major capital expenditures categories in accordance with NCTA disclosure guidelines for the years ended December 31, 2012, 2011 and 2010. The disclosure is intended to provide more consistency in the reporting of capital expenditures among peer companies in the cable industry. These disclosure guidelines are not required disclosures under GAAP, nor do they impact our accounting for capital expenditures under GAAP (dollars in millions):

	Year ended December 31,		
	2012	2011	2010
Customer premise equipment (a)	\$ 803	\$ 585	\$ 601
Scalable infrastructure (b)	412	347	314
Line extensions (c)	167	117	90
Upgrade/rebuild (d)	197	130	130
Support capital (e)	166	132	74
<b>Total capital expenditures (f)</b>	<b>\$ 1,745</b>	<b>\$ 1,311</b>	<b>\$ 1,209</b>

- (a) Customer premise equipment includes costs incurred at the customer residence to secure new customers and revenue generating units. It also includes customer installation costs and customer premise equipment (e.g., set-top boxes and cable modems).
- (b) Scalable infrastructure includes costs not related to customer premise equipment, to secure growth of new customers and revenue generating units, or provide service enhancements (e.g., headend equipment).
- (c) Line extensions include network costs associated with entering new service areas (e.g., fiber/coaxial cable, amplifiers, electronic equipment, make-ready and design engineering).
- (d) Upgrade/rebuild includes costs to modify or replace existing fiber/coaxial cable networks, including betterments.
- (e) Support capital includes costs associated with the replacement or enhancement of non-network assets due to technological and physical obsolescence (e.g., non-network equipment, land, buildings and vehicles).
- (f) Total capital expenditures includes \$269 million, \$195 million and \$138 million of capital expenditures related to commercial services for the years ended December 31, 2012, 2011 and 2010, respectively.

Certain prior period amounts have been reclassified to conform with the 2012 presentation.

## Description of Our Outstanding Debt

### Overview

As of December 31, 2012 and 2011, the blended weighted average interest rate on our debt was 6.0% and 7.1%, respectively. The interest rate on approximately 87% and 82% of the total principal amount of our debt was effectively fixed, including the effects of our interest rate hedge agreements as of December 31, 2012 and 2011, respectively. The fair value of our high-yield notes was \$9.9 billion and \$9.2 billion at December 31, 2012 and 2011, respectively. The fair value of our credit facilities was \$3.7 billion and \$4.2 billion at December 31, 2012 and 2011, respectively. The fair value of our high-yield notes and credit facilities were based on quoted market prices.

The following description is a summary of certain provisions of our credit facilities and our notes (the "Debt Agreements"). The summary does not restate the terms of the Debt Agreements in their entirety, nor does it describe all terms of the Debt Agreements. The agreements and instruments governing each of the Debt Agreements are complicated and you should consult such agreements and instruments for more detailed information regarding the Debt Agreements.

### Credit Facilities – General

#### CCO Holdings Credit Facility

CCO Holdings' credit agreement (the "CCO Holdings credit facility") consists of a \$350 million term loan facility. The facility matures in September 2014. Borrowings under the CCO Holdings credit facility bear interest at a variable interest rate based on

either LIBOR or a base rate plus, in either case, an applicable margin. The applicable margin for LIBOR term loans is 2.50% above LIBOR. If an event of default were to occur, CCO Holdings would not be able to elect LIBOR and would have to pay interest at the base rate plus the applicable margin. The CCO Holdings credit facility is secured by the equity interests of Charter Operating, and all proceeds thereof.

### ***Charter Operating Credit Facilities***

The Charter Operating credit facilities have an outstanding principal amount of \$3.3 billion at December 31, 2012 as follows:

- A term A loan with a remaining principal amount of \$750 million, which is repayable in equal quarterly installments and aggregating \$38 million in 2013 and 2014 and \$75 million in 2015 and 2016, with the remaining balance due at final maturity on May 15, 2017;
- A term C loan with a remaining principal amount of approximately \$1.5 billion, which is repayable in equal quarterly installments and aggregating \$16 million in each loan year, with the remaining balance due at final maturity on September 6, 2016;
- A term D loan with a remaining principal amount of approximately \$744 million, which is repayable in equal quarterly installments and aggregating \$8 million in each loan year, with the remaining balance due at final maturity on May 15, 2019;
- A non-revolving loan with a remaining principal amount of approximately \$199 million repayable in full on March 6, 2013; and
- A revolving loan with an outstanding principal amount of approximately \$123 million, allowing for borrowings of up to \$1.15 billion, maturing on April 11, 2017.

Amounts outstanding under the Charter Operating credit facilities bear interest, at Charter Operating's election, at a base rate or LIBOR, as defined, plus a margin. The applicable LIBOR margin for the term A loan is currently 2.25%, and for the non-revolving loan is currently 1.75%. The applicable margin for the term C loan is currently 3.25% in the case of LIBOR loans. The term D loan bears interest at LIBOR plus 3.0%, with a LIBOR floor of 1.0%. Charter Operating pays interest equal to LIBOR plus 2.25% on amounts borrowed under the revolving credit facility and pays a revolving commitment fee of .5% per annum on the daily average available amount of the revolving commitment, payable quarterly.

The Charter Operating credit facilities also allow us to enter into incremental term loans in the future with an aggregate, together with all other then outstanding first lien indebtedness, including any first lien notes, of no more than \$7.5 billion (less any principal payments of term loan indebtedness and first lien notes as a result of any sale of assets), with amortization as set forth in the notices establishing such term loans, but with no amortization greater than 1% per year prior to the final maturity of the existing term loans. Although the Charter Operating credit facilities allow for the incurrence of a certain amount of incremental term loans, no assurance can be given that we could obtain additional incremental term loans in the future if Charter Operating sought to do so or what amount of incremental term loans would be allowable at any given time under the terms of the Charter Operating credit facilities.

The obligations of Charter Operating under the Charter Operating credit facilities (the "Obligations") are guaranteed by Charter Operating's immediate parent company, CCO Holdings, and subsidiaries of Charter Operating. The Obligations are also secured by (i) a lien on substantially all of the assets of Charter Operating and its subsidiaries, to the extent such lien can be perfected under the Uniform Commercial Code by the filing of a financing statement, and (ii) a pledge by CCO Holdings of the equity interests owned by it in Charter Operating or any of Charter Operating's subsidiaries, as well as intercompany obligations owing to it by any of such entities.

### **Credit Facilities — Restrictive Covenants**

#### ***CCO Holdings Credit Facility***

The CCO Holdings credit facility contains covenants that are substantially similar to the restrictive covenants for the CCO Holdings notes except that the leverage ratio is 5.50 to 1.0. See "—Summary of Restricted Covenants of Our Notes." The CCO Holdings credit facility contains provisions requiring mandatory loan prepayments under specific circumstances, including in connection with certain sales of assets, so long as the proceeds have not been reinvested in the business. The CCO Holdings credit facility permits CCO Holdings and its subsidiaries to make distributions to pay interest on the CCO Holdings notes and the Charter Operating credit facilities provided that, among other things, no default has occurred and is continuing under the CCO Holdings credit facility.

### ***Charter Operating Credit Facilities***

The Charter Operating credit facilities contain representations and warranties, and affirmative and negative covenants customary for financings of this type. The financial covenants measure performance against standards set for leverage to be tested as of the end of each quarter. The Charter Operating credit facilities contain provisions requiring mandatory loan prepayments under specific circumstances, including in connection with certain sales of assets, so long as the proceeds have not been reinvested in the business. Additionally, the Charter Operating credit facilities provisions contain an allowance for restricted payments so long as the consolidated leverage ratio is no greater than 3.5 after giving pro forma effect to such restricted payment. The Charter Operating credit facilities permit Charter Operating and its subsidiaries to make distributions to pay interest on the currently outstanding subordinated and parent company indebtedness, provided that, among other things, no default has occurred and is continuing under the Charter Operating credit facilities.

The events of default under the Charter Operating credit facilities include, among other things:

- the failure to make payments when due or within the applicable grace period;
- the failure to comply with specified covenants;
- the failure to pay or the occurrence of events that cause or permit the acceleration of other indebtedness owing by CCO Holdings, Charter Operating, or Charter Operating's subsidiaries in aggregate principal amounts in excess of \$100 million; and
- similar to provisions contained in the CCO Holdings notes and credit facility, the consummation of any change of control transaction resulting in any person or group having power, directly or indirectly, to vote more than 50% of the ordinary voting power for the management of Charter Operating on a fully diluted basis and the occurrence of a ratings event including a downgrade in the corporate family rating during a ratings decline period.

### **CCO Holdings Notes**

The CCO Holdings notes are senior debt obligations of CCO Holdings and CCO Holdings Capital Corp. Such notes are guaranteed by Charter. They rank equally with all other current and future unsecured, unsubordinated obligations of CCO Holdings and CCO Holdings Capital Corp. They are structurally subordinated to all obligations of subsidiaries of CCO Holdings, including the Charter Operating credit facilities.

## Redemption Provisions of Our Notes

The various notes issued by our subsidiaries included in the table may be redeemed in accordance with the following table or are not redeemable until maturity as indicated:

Note Series	Redemption Dates	Percentage of Principal
7.25% senior notes due 2017	October 30, 2013 – October 29, 2014	105.438%
	October 30, 2014 – October 29, 2015	103.625%
	October 30, 2015 – October 29, 2016	101.813%
	Thereafter	100.000%
7.875% senior notes due 2018	April 30, 2013 – April 29, 2014	105.906%
	April 30, 2014 – April 29, 2015	103.938%
	April 30, 2015 – April 29, 2016	101.969%
	Thereafter	100.000%
7.00% senior notes due 2019	January 15, 2014 – January 14, 2015	105.250%
	January 15, 2015 – January 14, 2016	103.500%
	January 15, 2016 – January 14, 2017	101.750%
	Thereafter	100.000%
8.125% senior notes due 2020	April 30, 2015 – April 29, 2016	104.063%
	April 30, 2016 – April 29, 2017	102.708%
	April 30, 2017 – April 29, 2018	101.354%
	Thereafter	100.000%
7.375% senior notes due 2020	December 1, 2015 – November 30, 2016	103.688%
	December 1, 2016 – November 30, 2017	101.844%
	Thereafter	100.000%
6.50% senior notes due 2021	April 30, 2015 – April 29, 2016	104.875%
	April 30, 2016 – April 29, 2017	103.250%
	April 30, 2017 – April 29, 2018	101.625%
	Thereafter	100.000%
6.625% senior notes due 2022	January 31, 2017 – January 30, 2018	103.313%
	January 31, 2018 – January 30, 2019	102.208%
	January 31, 2019 – January 30, 2020	101.104%
	Thereafter	100.000%
5.25% senior notes due 2022	September 30, 2017 – September 29, 2018	102.625%
	September 30, 2018 – September 29, 2019	101.750%
	September 30, 2019 – September 29, 2020	100.875%
	Thereafter	100.000%
5.125% senior notes due 2023	February 15, 2018 – February 14, 2019	102.563%
	February 15, 2019 – February 14, 2020	101.708%
	February 15, 2020 – February 14, 2021	100.854%
	Thereafter	100.000%

In the event that a specified change of control event occurs, each of the respective issuers of the notes must offer to repurchase any then outstanding notes at 101% of their principal amount or accrued value, as applicable, plus accrued and unpaid interest, if any.

## Summary of Restrictive Covenants of Our Notes

The following description is a summary of certain restrictions of our Debt Agreements. The summary does not restate the terms of the Debt Agreements in their entirety, nor does it describe all restrictions of the Debt Agreements. The agreements and instruments

governing each of the notes issued are complicated and you should consult such agreements and instruments for more detailed information regarding the notes issued.

The notes issued by CCO Holdings (the “note issuer”) were issued pursuant to indentures that contain covenants that restrict the ability of the note issuer and its subsidiaries to, among other things:

- incur indebtedness;
- pay dividends or make distributions in respect of capital stock and other restricted payments;
- issue equity;
- make investments;
- create liens;
- sell assets;
- consolidate, merge, or sell all or substantially all assets;
- enter into sale leaseback transactions;
- create restrictions on the ability of restricted subsidiaries to make certain payments; or
- enter into transactions with affiliates.

However, such covenants are subject to a number of important qualifications and exceptions. Below we set forth a brief summary of certain of the restrictive covenants.

#### ***Restrictions on Additional Debt***

The limitations on incurrence of debt and issuance of preferred stock contained in various indentures permit the note issuer and its restricted subsidiaries to incur additional debt or issue preferred stock, so long as, after giving pro forma effect to the incurrence, the leverage ratio would be below a specified level for the note issuer. The leverage ratios under our notes for CCO Holdings is 6.0 to 1.

In addition, regardless of whether the leverage ratio could be met, so long as no default exists or would result from the incurrence or issuance, the note issuer and its restricted subsidiaries are permitted to issue among other permitted indebtedness:

- up to \$1.5 billion of debt under credit facilities not otherwise allocated
- up to the greater of \$300 million and 5% of consolidated net tangible assets to finance the purchase or capital lease of new assets;
- up to the greater of \$300 million and 5% of consolidated net tangible assets of additional debt for any purpose; and
- other items of indebtedness for specific purposes such as intercompany debt, refinancing of existing debt, and interest rate swaps to provide protection against fluctuation in interest rates.

Indebtedness under a single facility or agreement may be incurred in part under one of the categories listed above and in part under another, and generally may also later be reclassified into another category including as debt incurred under the leverage ratio. Accordingly, indebtedness under our credit facilities may be incurred under a combination of the categories of permitted indebtedness listed above. The restricted subsidiaries of the note issuer are generally not permitted to issue subordinated debt securities.

#### ***Restrictions on Distributions***

Generally, under the various indentures, CCO Holdings and its respective restricted subsidiaries are permitted to pay dividends on or repurchase equity interests, or make other specified restricted payments, only if it can incur \$1.00 of new debt under the 6.0 to 1.0 leverage ratio test after giving effect to the transaction and if no default exists or would exist as a consequence of such incurrence. If those conditions are met, restricted payments may be made in a total amount of up to the sum of 100% of CCO Holdings’ Consolidated EBITDA, as defined, minus 1.3 times its Consolidated Interest Expense, as defined, cumulatively from April 1, 2010, plus 100% of new cash and appraised non-cash equity proceeds received by CCO Holdings and not allocated to certain investments, cumulatively from the issue date, plus \$2 billion.

In addition, CCO Holdings may make distributions or restricted payments, so long as no default exists or would be caused by transactions among other distributions or restricted payments:

- to repurchase management equity interests in amounts not to exceed \$10 million per fiscal year;
- to pay pass-through tax liabilities in respect of ownership of equity interests in the applicable issuer or its restricted subsidiaries; or



- to make other specified restricted payments including merger fees up to 1.25% of the transaction value, repurchases using concurrent new issuances, and certain dividends on existing subsidiary preferred equity interests.

### ***Restrictions on Investments***

CCO Holdings and its respective restricted subsidiaries may not make investments except (i) permitted investments or (ii) if, after giving effect to the transaction, their leverage would be above the applicable leverage ratio.

Permitted investments include, among others:

- investments in and generally among restricted subsidiaries or by restricted subsidiaries in the applicable issuer;
- investments aggregating up to \$750 million at any time outstanding.
- investments aggregating up to 100% of new cash equity proceeds received by CCO Holdings since the issue date to the extent the proceeds have not been allocated to the restricted payments covenant.

### ***Restrictions on Liens***

The restrictions on liens for CCO Holdings only applies to liens on assets of the issuer itself and does not restrict liens on assets of subsidiaries. Permitted liens include liens securing indebtedness and other obligations under credit facilities, liens securing the purchase price of financed new assets, liens securing indebtedness of up to the greater of \$50 million and 1.0% of consolidated net tangible assets and other specified liens.

### ***Restrictions on the Sale of Assets; Mergers***

CCO Holdings is generally not permitted to sell all or substantially all of its assets or merge with or into other companies unless its leverage ratio after any such transaction would be no greater than its leverage ratio immediately prior to the transaction, or unless after giving effect to the transaction, leverage would be below 6.0 to 1.0, no default exists, and the surviving entity is a U.S. entity that assumes the applicable notes.

CCO Holdings and its restricted subsidiaries may generally not otherwise sell assets or, in the case of restricted subsidiaries, issue equity interests, in excess of \$100 million unless they receive consideration at least equal to the fair market value of the assets or equity interests, consisting of at least 75% in cash, assumption of liabilities, securities converted into cash within 60 days, or productive assets. CCO Holdings and its restricted subsidiaries are then required within 365 days after any asset sale either to use or commit to use the net cash proceeds over a specified threshold to acquire assets used or useful in their businesses or use the net cash proceeds to repay specified debt, or to offer to repurchase the issuer's notes with any remaining proceeds.

### ***Restrictions on Sale and Leaseback Transactions***

The note issuer and its restricted subsidiaries may generally not engage in sale and leaseback transactions unless, at the time of the transaction, the note issuer could have incurred secured indebtedness under its leverage ratio test in an amount equal to the present value of the net rental payments to be made under the lease, and the sale of the assets and application of proceeds is permitted by the covenant restricting asset sales.

### ***Prohibitions on Restricting Dividends***

The note issuer's restricted subsidiaries may generally not enter into arrangements involving restrictions on their ability to make dividends or distributions or transfer assets to the note issuer unless those restrictions with respect to financing arrangements are on terms that are no more restrictive than those governing the credit facilities existing when they entered into the applicable indentures or are not materially more restrictive than customary terms in comparable financings and will not materially impair the note issuer's ability to make payments on the notes.

### ***Affiliate Transactions***

The indentures also restrict the ability of CCO Holdings and its restricted subsidiaries to enter into certain transactions with affiliates involving consideration in excess of \$25 million without a determination by the board of directors that the transaction complies with this covenant, or transactions with affiliates involving over \$100 million without receiving an opinion as to the fairness to the holders of such transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of national standing.

## Cross Acceleration

The indentures of CCO Holdings include various events of default, including cross acceleration provisions. Under these provisions, a failure by the note issuer or any of its restricted subsidiaries to pay at the final maturity thereof the principal amount of other indebtedness having a principal amount of \$100 million or more (or any other default under any such indebtedness resulting in its acceleration) would result in an event of default under the indenture governing the applicable notes. As a result, an event of default related to the failure to repay principal at maturity or the acceleration of the indebtedness under the CCO Holdings notes, CCO Holdings credit facility or the Charter Operating credit facilities could cause cross-defaults under all of CCO Holdings' indentures.

## Recently Issued Accounting Standards

In July 2012, the FASB issued ASU 2012-02, Intangibles - Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment ("ASU 2012-02"). ASU 2012-02 permits an entity to make a qualitative assessment to determine whether it is more likely than not that an indefinite-lived intangible asset, other than goodwill, is impaired. This standard is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. Early adoption is permitted. We adopted ASU 2012-02 with our 2012 annual impairment testing. The adoption of ASU 2012-02 did not have a material impact on our consolidated financial statements.

### **Item 7A. Quantitative and Qualitative Disclosures About Market Risk.**

We are exposed to various market risks, including fluctuations in interest rates. We have used interest rate swap agreements to manage our interest costs and reduce our exposure to increases in floating interest rates. We manage our exposure to fluctuations in interest rates by maintaining a mix of fixed and variable rate debt. Using interest rate swap agreements, we agree to exchange, at specified intervals through 2017, the difference between fixed and variable interest amounts calculated by reference to agreed-upon notional principal amounts.

As of December 31, 2012 and 2011, the accreted value of our debt was approximately \$12.8 billion and \$12.9 billion, respectively. As of December 31, 2012 and 2011, the weighted average interest rate on the credit facility debt, including the effects of our interest rate swap agreements, was approximately 4.2% and 4.3%, respectively, and the weighted average interest rate on the high-yield notes was approximately 6.7% and 8.5%, respectively, resulting in a blended weighted average interest rate of 6.0% and 7.1%, respectively. The interest rate on approximately 87% and 82% of the total principal amount of our debt was effectively fixed, including the effects of our interest rate swap agreements, as of December 31, 2012 and 2011, respectively.

We do not hold or issue derivative instruments for speculative trading purposes. We have interest rate derivative instruments that have been designated as cash flow hedging instruments. Such instruments effectively convert variable interest payments on certain debt instruments into fixed payments. For qualifying hedges, realized derivative gains and losses offset related results on hedged items in the consolidated statements of operations. We formally document, designate and assess the effectiveness of transactions that receive hedge accounting. For each of the years ended December 31, 2012, 2011 and 2010, there was no cash flow hedge ineffectiveness on interest rate swap agreements.

Changes in the fair value of interest rate agreements that are designated as hedging instruments of the variability of cash flows associated with floating-rate debt obligations, and that meet effectiveness criteria are reported in other comprehensive loss. For the years ended December 31, 2012, 2011 and 2010, losses of \$10 million, \$8 million and \$57 million, respectively, related to derivative instruments designated as cash flow hedges, were recorded in other comprehensive loss. The amounts are subsequently reclassified as an increase or decrease to interest expense in the same periods in which the related interest on the floating-rate debt obligations affects earnings (losses).

The table set forth below summarizes the fair values and contract terms of financial instruments subject to interest rate risk maintained by us as of December 31, 2012 (dollars in millions):

	2013	2014	2015	2016	2017	Thereafter	Total	Fair Value at December 31, 2012
<b>Debt:</b>								
Fixed Rate	\$ —	\$ —	\$ —	\$ —	\$ 1,000	\$ 8,250	\$ 9,250	\$ 9,933
Average Interest Rate	—%	—%	—%	—%	7.25%	6.61%	6.68%	
Variable Rate	\$ 260	\$ 411	\$ 98	\$ 1,556	\$ 655	\$ 707	\$ 3,687	\$ 3,695
Average Interest Rate	2.30%	3.00%	3.23%	4.44%	4.07%	5.76%	4.28%	
<b>Interest Rate Instruments:</b>								
Variable to Fixed Rate	\$ 900	\$ 800	\$ 300	\$ 250	\$ 850	\$ —	\$ 3,100	\$ 75
Average Pay Rate	5.21%	5.65%	5.99%	4.89%	4.84%	—%	5.27%	
Average Receive Rate	3.57%	3.69%	3.87%	4.69%	5.26%	—%	4.18%	

At December 31, 2012, we had \$3.1 billion in notional amounts of interest rate swaps outstanding. This includes \$1.1 billion in delayed start interest rate swaps that become effective in March 2013 through March 2015. In any future quarter in which a portion of these delayed start hedges first becomes effective, an equal or greater notional amount of the currently effective swaps are scheduled to mature. Therefore, the \$2.0 billion notional amount of currently effective interest rate swaps will gradually step down over time as current swaps mature and an equal or lesser amount of delayed start swaps become effective.

The notional amounts of interest rate instruments do not represent amounts exchanged by the parties and, thus, are not a measure of our exposure to credit loss. The amounts exchanged are determined by reference to the notional amount and the other terms of the contracts. The estimated fair value is determined using a present value calculation based on an implied forward LIBOR curve (adjusted for Charter Operating's or counterparties' credit risk). Interest rates on variable debt are estimated using the average implied forward LIBOR for the year of maturity based on the yield curve in effect at December 31, 2012 including applicable bank spread.

**Item 8. Financial Statements and Supplementary Data.**

Our consolidated financial statements, the related notes thereto, and the reports of independent accountants are included in this annual report beginning on page F-1.

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.**

None.

**Item 9A. Controls and Procedures.**

**Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures**

As of the end of the period covered by this report, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures with respect to the information generated for use in this annual report. The evaluation was based in part upon reports and certifications provided by a number of executives. Based upon, and as of the date of that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective to provide reasonable assurances that information required to be disclosed in the reports we file or submit under the Securities

Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

In designing and evaluating the disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based upon the above evaluation, we believe that our controls provide such reasonable assurances.

There was no change in our internal control over financial reporting during the fourth quarter of 2012 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

### **Management's Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) for the Company. Our internal control system was designed to provide reasonable assurance to Charter's management and board of directors regarding the preparation and fair presentation of published financial statements.

Management has assessed the effectiveness of our internal control over financial reporting as of December 31, 2012. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in *Internal Control — Integrated Framework*. Based on management's assessment utilizing these criteria we believe that, as of December 31, 2012, our internal control over financial reporting was effective.

Our independent auditors, KPMG LLP, have audited our internal control over financial reporting as stated in their report on page F-2.

### **Item 9B. Other Information.**

#### **Disclosure pursuant to Section 219 of the Iran Threat Reduction and Syria Human Rights Act**

On February 12, 2013, certain investment funds affiliated with Apollo Global Management, LLC ("Apollo") beneficially owned approximately 19.6% of the ordinary shares of LyondellBasell Industries N.V. ("LyondellBasell") and have certain director nomination rights. Funds affiliated with Apollo beneficially own approximately 24% of the Class A common stock of Charter and two of Charter's directors are employed by Apollo. As a result, we are providing this disclosure pursuant to Section 219 of the new Iran Threat Reduction and Syria Human Rights Act of 2012 and Section 13(r) of the Securities Exchange Act of 1934, as amended. The Annual Report on Form 10-K for the year ended December 31, 2012 filed by LyondellBasell with the SEC on February 12, 2013 contained disclosure regarding the exit of LyondellBasell and its consolidated subsidiaries from business arrangements in Iran. According to the disclosure, certain non-U.S. subsidiaries of LyondellBasell's predecessor, LyondellBasell AF, licensed processes to construct and operate manufacturing plants in Iran that produce polyolefin plastic material, which is used in the packaging of household and consumer goods. The subsidiaries also provided engineering support and supplied catalyst products to be used in these manufacturing operations. In 2009, LyondellBasell made the decision to suspend the pursuit of any new business dealings in Iran and, in 2010, made the further decision to terminate all business by LyondellBasell and its direct and indirect subsidiaries with the government, entities and individuals in Iran. Two transactions occurred under settlement agreements between LyondellBasell and the counterparties in Iran in early 2012. In January 2012, one of LyondellBasell's non-U.S. subsidiaries received a final payment of approximately €3.5 million for a shipment of catalyst from an entity that is 50% owned by the National Petrochemical Company of Iran. LyondellBasell's shipment of the catalyst was in February 2012 as part of the agreement related to its termination and cessation of all business under agreements with the counterparty. In 2012, the gross revenue from this limited activity was approximately €4.2 million and profit attributable to it was approximately €2.4 million.

In January and February of 2012, one of LyondellBasell's non-U.S. subsidiaries provided certain engineering documents relating to a polyolefin plastic process to a licensee comprising three Iranian companies, one of which is 20% owned by the National Oil Company of Iran. The provision of documents was LyondellBasell's final act with respect to the termination and cessation of all business under agreements with the counterparties. Charter had no involvement in any of the foregoing transactions and obtained the foregoing information solely from the publicly available information of LyondellBasell as Charter has no involvement in the business of LyondellBasell.

## PART III

### **Item 10. *Directors, Executive Officers and Corporate Governance.***

The information required by Item 10 will be included in Charter's 2013 Proxy Statement (the "Proxy Statement") under the headings "Election of Class A Directors," "Section 16(a) Beneficial Ownership Reporting Requirements," and "Code of Ethics," or in amendment to this Annual Report on Form 10-K and is incorporated herein by reference.

### **Item 11. *Executive Compensation.***

The information required by Item 11 will be included in the Proxy Statement under the headings "Executive Compensation," "Election of Class A Directors – Director Compensation" and "Compensation Discussion and Analysis," or in an amendment to this Annual Report on Form 10-K and is incorporated herein by reference. Information contained in the Proxy Statement or an amendment to this Annual Report on Form 10-K under the caption "Report of Compensation and Benefits Committee" is furnished and not deemed filed with the SEC.

### **Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.***

The information required by Item 12 will be included in the Proxy Statement under the heading "Security Ownership of Certain Beneficial Owners and Management" or in amendment to this Annual Report on Form 10-K and is incorporated herein by reference.

### **Item 13. *Certain Relationships and Related Transactions, and Director Independence.***

The information required by Item 13 will be included in the Proxy Statement under the heading "Certain Relationships and Related Transactions" and "Election of Class A Directors" or in amendment to this Annual Report on Form 10-K and is incorporated herein by reference.

### **Item 14. *Principal Accounting Fees and Services.***

The information required by Item 14 will be included in the Proxy Statement under the heading "Accounting Matters" or in amendment to this Annual Report on Form 10-K and is incorporated herein by reference.

**PART IV**

**Item 15. Exhibits and Financial Statement Schedules.**

(a) The following documents are filed as part of this annual report:

(1) Financial Statements.

A listing of the financial statements, notes and reports of independent public accountants required by Item 8 begins on page F-1 of this annual report.

(2) Financial Statement Schedules.

No financial statement schedules are required to be filed by Items 8 and 15(d) because they are not required or are not applicable, or the required information is set forth in the applicable financial statements or notes thereto.

(3) The index to the exhibits begins on page E-1 of this annual report.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Charter Communications, Inc. has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

CHARTER COMMUNICATIONS, INC.,  
Registrant

By: /s/ Thomas M. Rutledge  
Thomas M. Rutledge  
President, Chief Executive Officer and Director

Date: February 22, 2013

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of Charter Communications, Inc. and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Thomas M. Rutledge</u> Thomas M. Rutledge	President, Chief Executive Officer, Director (Principal Executive Officer)	February 22, 2013
<u>/s/ Christopher L. Winfrey</u> Christopher L. Winfrey	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 22, 2013
<u>/s/ Kevin D. Howard</u> Kevin D. Howard	Senior Vice President – Finance, Controller and Chief Accounting Officer (Principal Accounting Officer)	February 22, 2013
<u>/s/ W. Lance Conn</u> W. Lance Conn	Director	February 22, 2013
<u>/s/ Darren Glatt</u> Darren Glatt	Director	February 22, 2013
<u>/s/ Craig A. Jacobson</u> Craig A. Jacobson	Director	February 22, 2013
<u>/s/ Bruce A. Karsh</u> Bruce A. Karsh	Director	February 22, 2013
<u>/s/ Edgar Lee</u> Edgar Lee	Director	February 22, 2013
<u>/s/ John D. Markley, Jr.</u> John D. Markley, Jr.	Director	February 22, 2013
<u>/s/ Jeffrey A. Marcus</u> Jeffrey A. Marcus	Director	February 22, 2013
<u>/s/ David C. Merritt</u> David C. Merritt	Director	February 22, 2013
<u>/s/ Stan Parker</u> Stan Parker	Director	February 22, 2013
<u>/s/ Eric L. Zinterhofer</u> Eric L. Zinterhofer	Director	February 22, 2013

## Exhibit Index

Exhibits are listed by numbers corresponding to the Exhibit Table of Item 601 in Regulation S-K.

<b>Exhibit</b>	<b>Description</b>
2.1	Debtors' Joint Plan of Reorganization filed pursuant to Chapter 11 of the United States Bankruptcy Code filed on July 15, 2009 with the United States Bankruptcy Court for the Southern District of New York in Case No. 09-11435 (Jointly Administered) (incorporated by reference to Exhibit 10.2 to the quarterly report on Form 10-Q of Charter Communications, Inc. filed on August 6, 2009 (File No. 001-33664)).
3.1	Amended and Restated Certificate of Incorporation of Charter Communications, Inc. (originally incorporated July 22, 1999) (incorporated by reference to Exhibit 3.1 to the current report on Form 8-K of Charter Communications, Inc. filed on August 20, 2010 (File No. 001-33664)).
3.2	Amended and Restated By-laws of Charter Communications, Inc. as of November 30, 2009 (incorporated by reference to Exhibit 3.2 to the current report on Form 8-K of Charter Communications, Inc. filed on December 4, 2009 (File No. 001-33664)).
4.1	Warrant Agreement, dated as of November 30, 2009, by and between Charter Communications, Inc. and Mellon Investor Services LLC (incorporated by reference to Exhibit 4.1 to the current report on Form 8-K of Charter Communications, Inc. filed on December 4, 2009 (File No. 001-33664)).
4.2	Warrant Agreement, dated as of November 30, 2009, by and between Charter Communications, Inc. and Mellon Investor Services LLC (incorporated by reference to Exhibit 4.2 to the current report on Form 8-K of Charter Communications, Inc. filed on December 4, 2009 (File No. 001-33664)).
4.3	Warrant Agreement, dated as of November 30, 2009, by and between Charter Communications, Inc. and Mellon Investor Services LLC (incorporated by reference to Exhibit 4.3 to the current report on Form 8-K of Charter Communications, Inc. filed on December 4, 2009 (File No. 001-33664)).
10.1	Indenture relating to the 7.875% Senior Notes due 2018 and 8.125% Senior Notes due 2020, dated as of April 18, 2010, by and among CCO Holdings, LLC, CCO Holdings Capital Corp. and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 10.6 to the registration statement on Form S-1 of Charter Communications, Inc. filed on June 30, 2010 (File No. 333-167877)).
10.2	Indenture relating to the 7.25% senior notes due 2017, dated as of September 27, 2010, by and among CCO Holdings, LLC, and CCO Holdings Capital Corp., as Issuers, Charter Communications, Inc., as Parent Guarantor, and The Bank of New York Mellon Trust Company, N.A., as Trustee (incorporated by reference to Exhibit 10.1 to the current report on Form 8-K of Charter Communications, Inc. filed on September 30, 2010 (File No. 001-33664)).
10.3	Indenture relating to the 7.00% senior notes due 2019, dated as of January 11, 2011, by and among CCO Holdings, LLC, and CCO Holdings Capital Corp., as Issuers, Charter Communications, Inc., as Parent Guarantor, and The Bank of New York Mellon Trust Company, N.A., as Trustee (incorporated by reference to Exhibit 10.1 to the current report on Form 8-K of Charter Communications, Inc. filed on January 14, 2011 (File No. 001-33664)).
10.4	Indenture dated as of May 10, 2011, by and among CCO Holdings, LLC, and CCO Holdings Capital Corp., as Issuers, Charter Communications, Inc., as Parent Guarantor, and The Bank of New York Mellon Trust Company, N.A., as Trustee (incorporated by reference to Exhibit 4.1 to the current report on Form 8-K of Charter Communications, Inc. filed on May 13, 2011 (File No. 001-33664)).
10.5	First Supplemental Indenture dated as of May 10, 2011 by and among CCO Holdings, LLC, and CCO Holdings Capital Corp., as Issuers, Charter Communications, Inc., as Parent Guarantor, and The Bank of New York Mellon Trust Company, N.A., as Trustee (incorporated by reference to Exhibit 4.2 to the current report on Form 8-K of Charter Communications, Inc. filed on May 13, 2011 (File No. 001-33664)).
10.6	Second Supplemental Indenture dated as of December 14, 2011 by and among CCO Holdings, LLC, and CCO Holdings Capital Corp., as Issuers, Charter Communications, Inc., as Parent Guarantor, and The Bank of New York Mellon Trust Company, N.A., as Trustee (incorporated by reference to Exhibit 4.2 to the current report on Form 8-K of Charter Communications, Inc. filed on December 20, 2011 (File No. 001-33664)).
10.7	Third Supplemental Indenture dated as of January 26, 2012 by and among CCO Holdings, LLC, and CCO Holdings Capital Corp., as Issuers, Charter Communications, Inc., as Parent Guarantor, and The Bank of New York Mellon Trust Company, N.A., as Trustee (incorporated by reference to Exhibit 4.2 to the current report on Form 8-K of Charter Communications, Inc. filed on February 1, 2012 (File No. 001-33664)).
10.8	Fourth Supplemental Indenture dated August 22, 2012 relating to the 5.25% Senior Notes due 2022 by and among CCO Holdings, LLC, CCO Holdings Capital Corp. and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 10.1 to the quarterly report on Form 10-Q of Charter Communications, Inc. filed on November 6, 2012 (File No. 001-33664)).
10.9*	Fifth Supplemental Indenture dated December 17, 2012 relating to the 5.125% Senior Notes due 2023 by and among CCO Holdings, LLC, CCO Holdings Capital Corp. and The Bank of New York Mellon Trust Company, N.A., as trustee.
10.10(a)	Credit Agreement, dated as of March 6, 2007, among CCO Holdings, LLC, the lenders from time to time parties thereto and Bank of America, N.A., as administrative agent (incorporated by reference to Exhibit 10.3 to the current report on Form 8-K of Charter Communications, Inc. filed on March 12, 2007 (File No. 000-27927)).



- 10.10(b) Amendment No. 1, dated as of April 25, 2012, to the Credit Agreement, dated as of March 6, 2007 (as amended, supplemented or otherwise modified from time to time), among CCO Holdings, LLC, as the Borrower, the lenders parties thereto, Wells Fargo Bank, N.A., as the Administrative Agent, and the other parties thereto (incorporated by reference to Exhibit 10.1 to the current report on Form 8-K filed by Charter Communications, Inc. on April 30, 2012 (File No. 001-33664)).
- 10.10(c) Pledge Agreement made by CCO Holdings, LLC in favor of Bank of America, N.A., as Collateral Agent, dated as of March 6, 2007 (incorporated by reference to Exhibit 10.4 to the current report on Form 8-K of Charter Communications, Inc. filed on March 12, 2007 (File No. 000-27927)).
- 10.11(a) Restatement Agreement, dated as of April 11, 2012 (the "Restatement Agreement"), to the Amended and Restated Credit Agreement, dated as of March 18, 1999 and amended and restated on March 31, 2010 (as amended and in effect immediately prior to the New Restatement Effective Date (as defined in the Restatement Agreement)) by and among Charter Communications Operating, LLC, CCO Holdings, LLC, the lenders party thereto and Bank of America, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.2 to the current report on Form 8-K filed by Charter Communications, Inc. on April 17, 2012 (File No. 001-33664)).
- 10.11(b) Amended and Restated Guarantee and Collateral Agreement made by CCO Holdings, LLC, Charter Communications Operating, LLC and certain of its subsidiaries in favor of Bank of America, N.A., as administrative agent, dated as of March 18, 1999, as amended and restated as of March 31, 2010 (incorporated by reference to Exhibit 10.2 to the current report on Form 8-K of Charter Communications, Inc. filed on April 6, 2010 (File No. 001-33664)).
- 10.11(c) Incremental Activation Notice, dated as of December 19, 2011 delivered by Charter Communications Operating, LLC, CCO Holdings LLC, the Subsidiary Guarantors Party thereto and each Term A Lender party thereto to Bank of America, N.A. as administrative agent under the credit agreement, dated as of March 18, 1999 as amended and restated as of March 31, 2010 (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K of Charter Communications, Inc. filed on December 22, 2011 (File No. 001-33664)).
- 10.11(d) Incremental Activation Notice, dated as of April 11, 2012 delivered by Charter Communications Operating, LLC, CCO Holdings LLC, the Subsidiary Guarantors Party thereto and each Term A Lender party thereto to Bank of America, N.A. as administrative agent under the credit agreement, dated as of March 18, 1999 as amended and restated as of March 31, 2010 and as further amended and restated as of April 11, 2012 (incorporated by reference to Exhibit 1.01 to the current report on Form 8-K filed by Charter Communications, Inc. on April 17, 2012 (File No. 001-33664)).
- 10.12(a) Registration Rights Agreement, dated as of November 30, 2009, by and among Charter Communications, Inc. and certain investors listed therein (incorporated by reference to Exhibit 10.2 to the current report on Form 8-K of Charter Communications, Inc. filed on December 4, 2009 (File No. 001-33664)).
- 10.12(b) Amendment No. 1 to the Registration Rights Agreement dated November 30, 2009, by and among Charter Communications, Inc. and certain Investors listed therein (incorporated by reference to Exhibit 10.2 to the quarterly report on Form 10-Q of Charter Communications, Inc. filed on November 6, 2012 (File No. 001-33664)).
- 10.13(a) Amended and Restated Management Agreement, dated as of June 19, 2003, between Charter Communications Operating, LLC and Charter Communications, Inc. (incorporated by reference to Exhibit 10.4 to the quarterly report on Form 10-Q filed by Charter Communications, Inc. on August 5, 2003 (File No. 333-83887)).
- 10.13(b) First Amendment to the Amended and Restated Management Agreement, dated as of July 20, 2010, between Charter Communications Operating, LLC and Charter Communications, Inc. (incorporated by reference to Exhibit 10.6 to the quarterly report on Form 10-Q filed by Charter Communications, Inc. on August 4, 2010 (File No. 001-33664)).
- 10.14(a) Second Amended and Restated Mutual Services Agreement, dated as of June 19, 2003 between Charter Communications, Inc. and Charter Communications Holding Company, LLC (incorporated by reference to Exhibit 10.5(a) to the quarterly report on Form 10-Q filed by Charter Communications, Inc. on August 5, 2003 (File No. 000-27927)).
- 10.14(b) First Amendment to the Second Amended and Restated Mutual Services Agreement, dated as of July 20, 2010, between Charter Communications, Inc. and Charter Communications Holding Company, LLC (incorporated by reference to Exhibit 10.7 to the quarterly report on Form 10-Q filed by Charter Communications, Inc. on August 4, 2010 (File No. 001-33664)).
- 10.15+ Charter Communications, Inc. Executive Bonus Plan (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Charter Communications, Inc. filed on May 8, 2012 (File No. 001-33664)).
- 10.16+ Charter Communications, Inc. Executive Incentive Performance Plan (incorporated by reference to Exhibit 10.21 to the annual report on Form 10-K filed by Charter Communications, Inc. on February 27, 2012 (File No. 001-33664)).
- 10.17+ Charter Communications, Inc. Amended and Restated 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Charter Communications, Inc. filed on December 21, 2009 (File No. 001-33664)).
- 10.18+ Charter Communications, Inc.'s Amended and Restated Supplemental Deferred Compensation Plan, dated as of September 1, 2011(incorporated by reference to the current report on Form 8-K filed by Charter Communications, Inc. on September 2, 2011 (File No. 001-33664)).
- 10.19+ Form of Non-Qualified Time Vesting Stock Option Agreement dated April 26, 2011(incorporated by reference to the quarterly report on Form 10-Q filed by Charter Communications, Inc. on August 2, 2011 (File No. 001-33664)).
- 10.20+ Form of Non-Qualified Price Vesting Stock Option Agreement dated April 26, 2011(incorporated by reference to the quarterly report on Form 10-Q filed by Charter Communications, Inc. on August 2, 2011 (File No. 001-33664)).
- 10.21+ Form of Restricted Stock Unit Agreement dated April 26, 2011(incorporated by reference to the quarterly report on Form 10-Q filed by Charter Communications, Inc. on August 2, 2011 (File No. 001-33664)).

- 10.22+ Employment Agreement between Thomas Rutledge and Charter Communications, Inc., dated as of December 19, 2011 (incorporated by reference to Exhibit 10.1 to the current report on Form 8-K of Charter Communications, Inc. filed on December 19, 2011 (File No. 001-33664)).
- 10.23(a)+ Amended and Restated Employment Agreement between Michael J. Lovett and Charter Communications, Inc., dated effective as of February 1, 2010 (incorporated by reference to Exhibit 10.1 to the current report on Form 8-K of Charter Communications, Inc. filed on April 13, 2010 (File No. 001-33664)).
- 10.23(b)+ Transition Agreement, dated as of October 11, 2011, between Charter Communications, Inc. and Michael J. Lovett (incorporated by reference to Exhibit 10.1 to the current report on Form 8-K of Charter Communications, Inc. filed on October 11, 2011 (File No. 001-33664)).
- 10.24(a)+\* Amended and Restated Employment Agreement between Christopher L. Winfrey and Charter Communications, Inc., dated effective as of August 31, 2012.
- 10.24(b)+ The New York Relocation Agreement and Release entered into by and between Charter Communications, Inc. and Christopher Winfrey dated as of October 23, 2012 (incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q of Charter Communications, Inc. filed on November 6, 2012 (File No. 001-33664)).
- 10.25(a)+ Employment Agreement dated as of April 30, 2012, by and between Charter Communications, Inc. and John Bickham (incorporated by reference to Exhibit 10.1 to the current report on Form 8-K filed by Charter Communications, Inc. on May 1, 2012 (File No. 001-33664)).
- 10.25(b)+ Time-Vesting Stock Option Agreement dated as of April 30, 2012 by and between Charter Communications, Inc. and John Bickham (incorporated by reference to Exhibit 10.2 to the current report on Form 8-K filed by Charter Communications, Inc. on May 1, 2012 (File No. 001-33664)).
- 10.25(c)+ Performance-Vesting Restricted Stock Agreement dated as of April 30, 2012 by and between Charter Communications, Inc. and John Bickham (incorporated by reference to Exhibit 10.3 to the current report on Form 8-K filed by Charter Communications, Inc. on May 1, 2012 (File No. 001-33664)).
- 10.25(d)+ Performance-Vesting Stock Option Agreement dated as of April 30, 2012 by and between Charter Communications, Inc. and John Bickham (incorporated by reference to Exhibit 10.4 to the current report on Form 8-K filed by Charter Communications, Inc. on May 1, 2012 (File No. 001-33664)).
- 10.25(e)+ Time-Vesting Restricted Stock Agreement dated as of April 30, 2012 by and between Charter Communications, Inc. and John Bickham (incorporated by reference to Exhibit 10.5 to the current report on Form 8-K filed by Charter Communications, Inc. on May 1, 2012 (File No. 001-33664)).
- 10.26+\* Employment Agreement dated as of September 17, 2012 by and between Charter Communications, Inc. and Kathleen Mayo.
- 10.27+\* Employment Agreement dated as of October 15, 2012 by and between Charter Communications, Inc. and James Blackley.
- 10.28 Form of Indemnification Agreement (incorporated by reference to Exhibit 10.1 to the current report on Form 8-K of Charter Communications, Inc. filed on February 12, 2010 (File No. 001-33664)).
- 12.1\* Computation of Ratio of Earnings to Fixed Charges.
- 21.1\* Subsidiaries of Charter Communications, Inc.
- 23.1\* Consent of KPMG LLP.
- 31.1\* Certificate of Chief Executive Officer pursuant to Rule 13a-14(a)/Rule 15d-14(a) under the Securities Exchange Act of 1934.
- 31.2\* Certificate of Chief Financial Officer pursuant to Rule 13a-14(a)/Rule 15d-14(a) under the Securities Exchange Act of 1934.
- 32.1\* Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Chief Executive Officer).
- 32.2\* Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Chief Financial Officer).
- 101 The following financial information from the Annual Report of Charter Communications, Inc. on Form 10-K for the year ended December 31, 2012, filed with the SEC on February 22, 2013, formatted in eXtensible Business Reporting Language: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Loss, (iv) Consolidated Statements of Changes in Shareholder Equity, (v) Consolidated Statements of Cash Flows, and (vi) Notes to Consolidated Financial Statements.

\* Filed herewith.

+ Management compensatory plan or arrangement

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## Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders  
Charter Communications, Inc.:

We have audited the accompanying consolidated balance sheets of Charter Communications, Inc. and subsidiaries (the Company) as of December 31, 2012 and 2011, and the related consolidated statements of operations, comprehensive loss, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2012. We also have audited the Company's internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting (Item 9A). Our responsibility is to express an opinion on these consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Charter Communications, Inc. and subsidiaries as of December 31, 2012 and 2011, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2012, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

/s/ KPMG LLP

St. Louis, Missouri  
February 21, 2013

**CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(dollars in millions, except share data)

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 7	\$ 2
Restricted cash and cash equivalents	27	27
Accounts receivable, less allowance for doubtful accounts of \$14 and \$16, respectively	234	268
Prepaid expenses and other current assets	65	60
<b>Total current assets</b>	<u>333</u>	<u>357</u>
<b>INVESTMENT IN CABLE PROPERTIES:</b>		
Property, plant and equipment, net of accumulated depreciation of \$3,563 and \$2,364, respectively	7,206	6,897
Franchises	5,287	5,288
Customer relationships, net	1,424	1,704
Goodwill	953	954
<b>Total investment in cable properties, net</b>	<u>14,870</u>	<u>14,843</u>
<b>OTHER NONCURRENT ASSETS</b>	<u>396</u>	<u>401</u>
<b>Total assets</b>	<u>\$ 15,599</u>	<u>\$ 15,601</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued liabilities	\$ 1,224	\$ 1,157
<b>Total current liabilities</b>	<u>1,224</u>	<u>1,157</u>
<b>LONG-TERM DEBT</b>	<u>12,808</u>	<u>12,856</u>
<b>DEFERRED INCOME TAXES</b>	<u>1,122</u>	<u>847</u>
<b>OTHER LONG-TERM LIABILITIES</b>	<u>296</u>	<u>332</u>
<b>SHAREHOLDERS' EQUITY:</b>		
Class A common stock; \$.001 par value; 900 million shares authorized; 101,176,247 and 100,570,418 shares issued and outstanding, respectively	—	—
Class B common stock; \$.001 par value; 25 million shares authorized; no shares issued and outstanding	—	—
Preferred stock; \$.001 par value; 250 million shares authorized; no shares issued and outstanding	—	—
Additional paid-in capital	1,616	1,556
Accumulated deficit	(1,392)	(1,082)
Accumulated other comprehensive loss	(75)	(65)
<b>Total shareholders' equity</b>	<u>149</u>	<u>409</u>
<b>Total liabilities and shareholders' equity</b>	<u>\$ 15,599</u>	<u>\$ 15,601</u>

The accompanying notes are an integral part of these consolidated financial statements.

**CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(dollars in millions, except per share and share data)

	Year Ended December 31,		
	2012	2011	2010
REVENUES	\$ 7,504	\$ 7,204	\$ 7,059
<b>COSTS AND EXPENSES:</b>			
Operating costs and expenses (excluding depreciation and amortization)	4,860	4,564	4,486
Depreciation and amortization	1,713	1,592	1,524
Other operating expenses, net	15	7	25
	6,588	6,163	6,035
Income from operations	916	1,041	1,024
<b>OTHER EXPENSES:</b>			
Interest expense, net	(907)	(963)	(877)
Loss on extinguishment of debt	(55)	(143)	(85)
Other expense, net	(1)	(5)	(4)
	(963)	(1,111)	(966)
Income (loss) before income taxes	(47)	(70)	58
Income tax expense	(257)	(299)	(295)
Net loss	\$ (304)	\$ (369)	\$ (237)
<b>LOSS PER COMMON SHARE, BASIC AND DILUTED</b>			
	\$ (3.05)	\$ (3.39)	\$ (2.09)
Weighted average common shares outstanding, basic and diluted	99,657,989	108,948,554	113,138,461

**CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
(dollars in millions)

	Year Ended December 31,		
	2012	2011	2010
Net loss	\$ (304)	\$ (369)	\$ (237)
Changes in fair value of interest rate swap agreements, net of tax	(10)	(8)	(57)
Comprehensive loss	\$ (314)	\$ (377)	\$ (294)

The accompanying notes are an integral part of these consolidated financial statements.

**CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
(dollars in millions)

	Class A Common Stock	Class B Common Stock	Additional Paid-In Capital	Accumulated Equity (Deficit)	Treasury Stock	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
BALANCE, December 31, 2009	\$ —	\$ —	\$ 1,914	\$ 2	\$ —	\$ —	\$ 1,916
Net loss	—	—	—	(237)	—	—	(237)
Charter Investment Inc.'s exchange of Charter Holdco interest (see Note 16)	—	—	(166)	—	—	—	(166)
Changes in fair value of interest rate swap agreements	—	—	—	—	—	(57)	(57)
Stock compensation expense, net	—	—	28	—	—	—	28
Purchase of treasury stock	—	—	—	—	(6)	—	(6)
BALANCE, December 31, 2010	—	—	1,776	(235)	(6)	(57)	1,478
Net loss	—	—	—	(369)	—	—	(369)
Changes in fair value of interest rate swap agreements	—	—	—	—	—	(8)	(8)
Stock compensation expense, net	—	—	41	—	—	—	41
Purchase of treasury stock	—	—	—	—	(733)	—	(733)
Retirement of treasury stock	—	—	(261)	(478)	739	—	—
BALANCE, December 31, 2011	—	—	1,556	(1,082)	—	(65)	409
Net loss	—	—	—	(304)	—	—	(304)
Changes in fair value of interest rate swap agreements	—	—	—	—	—	(10)	(10)
Stock compensation expense, net	—	—	65	—	—	—	65
Purchase of treasury stock	—	—	—	—	(11)	—	(11)
Retirement of treasury stock	—	—	(5)	(6)	11	—	—
BALANCE, December 31, 2012	\$ —	\$ —	\$ 1,616	\$ (1,392)	\$ —	\$ (75)	\$ 149

The accompanying notes are an integral part of these consolidated financial statements.

**CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(dollars in millions)

	Year Ended December 31,		
	2012	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net loss	\$ (304)	\$ (369)	\$ (237)
Adjustments to reconcile net loss to net cash flows from operating activities:			
Depreciation and amortization	1,713	1,592	1,524
Noncash interest expense	45	34	74
Loss on extinguishment of debt	55	143	81
Deferred income taxes	250	290	287
Other, net	45	33	34
Changes in operating assets and liabilities, net of effects from acquisitions and dispositions:			
Accounts receivable	34	(24)	1
Prepaid expenses and other assets	(8)	1	22
Accounts payable, accrued liabilities and other	46	37	142
Net cash flows from operating activities	<u>1,876</u>	<u>1,737</u>	<u>1,928</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchases of property, plant and equipment	(1,745)	(1,311)	(1,209)
Change in accrued expenses related to capital expenditures	13	57	8
Sales (purchases) of cable systems, net	19	(88)	—
Other, net	(24)	(24)	31
Net cash flows from investing activities	<u>(1,737)</u>	<u>(1,366)</u>	<u>(1,170)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Borrowings of long-term debt	5,830	5,489	3,115
Repayments of long-term debt	(5,901)	(5,072)	(4,352)
Repayment of preferred stock	—	—	(138)
Payments for debt issuance costs	(53)	(62)	(76)
Purchase of treasury stock	(11)	(733)	(6)
Other, net	1	5	(6)
Net cash flows from financing activities	<u>(134)</u>	<u>(373)</u>	<u>(1,463)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>5</b>	<b>(2)</b>	<b>(705)</b>
CASH AND CASH EQUIVALENTS, beginning of period	2	4	709
CASH AND CASH EQUIVALENTS, end of period	<u>\$ 7</u>	<u>\$ 2</u>	<u>\$ 4</u>
<b>CASH PAID FOR INTEREST</b>	<b>\$ 904</b>	<b>\$ 899</b>	<b>\$ 735</b>

The accompanying notes are an integral part of these consolidated financial statements.



**CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012, 2011 AND 2010**  
**(dollars in millions, except share or per share data or where indicated)**

**1. Organization and Basis of Presentation**

***Organization***

Charter Communications, Inc. (“Charter”) is a holding company whose principal asset is a 100% common equity interest in Charter Communications Holding Company, LLC (“Charter Holdco”). Charter owns cable systems through its subsidiaries, which are collectively, with Charter, referred to herein as the “Company.”

The Company is a cable operator providing services in the United States. The Company offers to residential and commercial customers traditional cable video programming, Internet services, and telephone services, as well as advanced video services such as Charter OnDemand™, high definition television, and digital video recorder (“DVR”) service. The Company sells its cable video programming, Internet, telephone, and advanced video services primarily on a subscription basis. The Company also sells local advertising on cable networks and on the Internet and provides fiber connectivity to cellular towers.

***Basis of Presentation***

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) and the rules and regulations of the Securities and Exchange Commission (the “SEC”).

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Areas involving significant judgments and estimates include capitalization of labor and overhead costs; depreciation and amortization costs; impairments of property, plant and equipment, intangibles and goodwill; income taxes; contingencies and programming expense. Actual results could differ from those estimates.

Certain prior year amounts have been reclassified to conform with the 2012 presentation.

**2. Summary of Significant Accounting Policies**

***Consolidation***

The accompanying consolidated financial statements include the accounts of Charter and its wholly owned subsidiaries. The Company consolidates variable interest entities based upon evaluation of the Company’s power, through voting rights or similar rights, to direct the activities of another entity that most significantly impact the entity’s economic performance; its obligation to absorb the expected losses of the entity; and its right to receive the expected residual returns of the entity. All significant intercompany accounts and transactions among consolidated entities have been eliminated.

***Cash and Cash Equivalents***

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. These investments are carried at cost, which approximates market value. Cash and cash equivalents consist primarily of money market funds and commercial paper. Restricted cash and cash equivalents consist of amounts held in escrow accounts pending final resolution from the Bankruptcy Court (see Note 18).

***Property, Plant and Equipment***

Additions to property, plant and equipment are recorded at cost, including all material, labor and certain indirect costs associated with the construction of cable transmission and distribution facilities. While the Company’s capitalization is based on specific activities, once capitalized, costs are tracked by fixed asset category at the cable system level and not on a specific asset basis. For assets that are sold or retired, the estimated historical cost and related accumulated depreciation is removed. Costs associated with initial customer installations and the additions of network equipment necessary to enable advanced video services are capitalized. Costs capitalized as part of initial customer installations include materials, labor, and certain indirect costs. Indirect costs are associated with the activities of the Company’s personnel who assist in connecting and activating the new service and

**CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES**  
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consist of compensation and other costs associated with these support functions. Indirect costs primarily include employee benefits and payroll taxes, direct variable costs associated with capitalizable activities, consisting primarily of installation and construction, vehicle costs, the cost of dispatch personnel and indirect costs directly attributable to capitalizable activities. The costs of disconnecting service at a customer's dwelling or reconnecting service to a previously installed dwelling are charged to operating expense in the period incurred. Costs for repairs and maintenance are charged to operating expense as incurred, while plant and equipment replacement and betterments, including replacement of cable drops from the pole to the dwelling, are capitalized.

Depreciation is recorded using the straight-line composite method over management's estimate of the useful lives of the related assets as follows:

Cable distribution systems	7-20 years
Customer equipment and installations	4-8 years
Vehicles and equipment	1-6 years
Buildings and leasehold improvements	15-40 years
Furniture, fixtures and equipment	6-10 years

***Asset Retirement Obligations***

Certain of the Company's franchise agreements and leases contain provisions requiring the Company to restore facilities or remove equipment in the event that the franchise or lease agreement is not renewed. The Company expects to continually renew its franchise agreements and has concluded that all of the related franchise rights are indefinite lived intangible assets. Accordingly, the possibility is remote that the Company would be required to incur significant restoration or removal costs related to these franchise agreements in the foreseeable future. A liability is required to be recognized for an asset retirement obligation in the period in which it is incurred if a reasonable estimate of fair value can be made. The Company has not recorded an estimate for potential franchise related obligations, but would record an estimated liability in the unlikely event a franchise agreement containing such a provision were no longer expected to be renewed. The Company also expects to renew many of its lease agreements related to the continued operation of its cable business in the franchise areas. For the Company's lease agreements, the estimated liabilities related to the removal provisions, where applicable, have been recorded and are not significant to the financial statements.

***Franchises***

Franchise rights represent the value attributed to agreements or authorizations with local and state authorities that allow access to homes in cable service areas. Management estimates the fair value of franchise rights at the date of acquisition and determines if the franchise has a finite life or an indefinite life. All franchises that qualify for indefinite life treatment are tested for impairment annually or more frequently as warranted by events or changes in circumstances (see Note 5). The Company has concluded that all of its existing franchises qualify for indefinite life treatment.

***Customer Relationships***

Customer relationships represent the value attributable to the Company's business relationships with its current customers including the right to deploy and market additional services to these customers. Customer relationships are amortized on an accelerated basis over the period the relationships with current customers are expected to generate cash flows (11-15 years).

***Goodwill***

The Company assesses the recoverability of its goodwill as of November 30 of each year, or more frequently whenever events or changes in circumstances indicate that the asset might be impaired.

***Other Noncurrent Assets***

Other noncurrent assets primarily include trademarks, right-of-entry costs and deferred financing costs. Trademarks have been determined to have an indefinite life and are tested annually for impairment. Right-of-entry costs represent costs incurred related to agreements entered into with landlords, real estate companies or owners to gain access to a building in order to provide cable

**CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012, 2011 AND 2010**  
**(dollars in millions, except share or per share data or where indicated)**

service. Right-of-entry costs are generally deferred and amortized to amortization expense over the term of the agreement. Costs related to borrowings are deferred and amortized to interest expense over the terms of the related borrowings.

***Valuation of Long-Lived Assets***

The Company evaluates the recoverability of long-lived assets to be held and used when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Such events or changes in circumstances could include such factors as impairment of the Company's indefinite life assets, changes in technological advances, fluctuations in the fair value of such assets, adverse changes in relationships with local franchise authorities, adverse changes in market conditions or a deterioration of operating results. If a review indicates that the carrying value of such asset is not recoverable from estimated undiscounted cash flows, the carrying value of such asset is reduced to its estimated fair value. While the Company believes that its estimates of future cash flows are reasonable, different assumptions regarding such cash flows could materially affect its evaluations of asset recoverability. No impairments of long-lived assets to be held and used were recorded in 2012, 2011 and 2010.

***Derivative Financial Instruments***

Gains or losses related to derivative financial instruments which qualify as hedging activities are recorded in accumulated other comprehensive loss. For all other derivative instruments, if any, the related gains or losses are recorded in the statements of operations. The Company uses interest rate swap agreements to manage its interest costs and reduce the Company's exposure to increases in floating interest rates. The Company manages its exposure to fluctuations in interest rates by maintaining a mix of fixed and variable rate debt. Using interest rate swap agreements, the Company agrees to exchange, at specified intervals through 2017, the difference between fixed and variable interest amounts calculated by reference to agreed-upon notional principal amounts. The Company does not hold or issue any derivative financial instruments for trading purposes.

***Revenue Recognition***

Revenues from residential and commercial video, Internet and telephone services are recognized when the related services are provided. Advertising sales are recognized at estimated realizable values in the period that the advertisements are broadcast. In some cases, the Company coordinates the advertising sales efforts of other cable operators in a certain market and remits amounts received from customers less an agreed-upon percentage to such cable operator. For those arrangements in which the Company acts as a principal, the Company records the revenues earned from the advertising customer on a gross basis and the amount remitted to the cable operator as an operating expense.

Fees imposed on Charter by various governmental authorities are passed through on a monthly basis to the Company's customers and are periodically remitted to authorities. Fees of \$389 million, \$388 million and \$379 million for the years ended December 31, 2012, 2011 and 2010, respectively, are reported in video, telephone and commercial revenues, on a gross basis with a corresponding operating expense because the Company is acting as a principal. Other taxes, such as sales taxes imposed on the Company's customers collected and remitted to state and local authorities are recorded on a net basis because the Company is acting as an agent in such situation.

**CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES**  
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The Company's revenues by product line are as follows:

	Year Ended December 31,		
	2012	2011	2010
Video	\$ 3,639	\$ 3,639	\$ 3,729
Internet	1,866	1,708	1,609
Telephone	828	858	823
Commercial	658	544	451
Advertising sales	334	292	291
Other	179	163	156
	\$ 7,504	\$ 7,204	\$ 7,059

***Programming Costs***

The Company has various contracts to obtain basic, digital and premium video programming from programming vendors whose compensation is typically based on a flat fee per customer. The cost of the right to exhibit network programming under such arrangements is recorded in operating expenses in the month the programming is available for exhibition. Programming costs are paid each month based on calculations performed by the Company and are subject to periodic audits performed by the programmers. Certain programming contracts contain incentives to be paid by the programmers. The Company receives these payments and recognizes the incentives on a straight-line basis over the life of the programming agreement as a reduction of programming expense. This offset to programming expense was \$6 million, \$7 million and \$17 million for the years ended December 31, 2012, 2011 and 2010, respectively. As of December 31, 2011, the deferred amount of such economic consideration, included in other long-term liabilities, was \$6 million. Programming costs included in the accompanying statements of operations were \$2.0 billion, \$1.9 billion and \$1.8 billion for the years ended December 31, 2012, 2011 and 2010, respectively.

***Advertising Costs***

Advertising costs associated with marketing the Company's products and services are generally expensed as costs are incurred. Such advertising expense was \$325 million, \$285 million and \$267 million for the years ended December 31, 2012, 2011 and 2010, respectively.

***Multiple-Element Transactions***

In the normal course of business, the Company enters into multiple-element transactions where it is simultaneously both a customer and a vendor with the same counterparty or in which it purchases multiple products and/or services, or settles outstanding items contemporaneous with the purchase of a product or service from a single counterparty. Transactions, although negotiated contemporaneously, may be documented in one or more contracts. The Company's policy for accounting for each transaction negotiated contemporaneously is to record each element of the transaction based on the respective estimated fair values of the products or services purchased and the products or services sold. In determining the fair value of the respective elements, the Company refers to quoted market prices (where available), historical transactions or comparable cash transactions.

***Stock-Based Compensation***

Restricted stock, restricted stock units, stock options and performance units and shares are measured at the grant date fair value and amortized to stock compensation expense over the requisite service period. The Company recorded \$50 million, \$36 million and \$26 million of stock compensation expense which is included in operating costs and expenses and other operating expenses, net for the years ended December 31, 2012, 2011 and 2010, respectively.

The fair value of options granted is estimated on the date of grant using the Black-Scholes option-pricing model and Monte Carlo simulations for options and restricted stock units with market conditions. The grant date weighted average assumptions used

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during the years ended December 31, 2012, 2011 and 2010, respectively, were: risk-free interest rate of 1.5%, 2.5% and 2.5%; expected volatility of 38.4%, 38.4% and 47.7%, and expected lives of 6.3 years, 6.6 years and 6.3 years. The grant date weighted average cost of equity used was 16.2% and 15.5% during the years ended December 31, 2012 and 2011, respectively. Volatility assumptions were based on historical volatility of Charter and a peer group. The Company's volatility assumptions represent management's best estimate and were partially based on historical volatility of a peer group because management does not believe Charter's pre-emergence from bankruptcy historical volatility to be representative of its future volatility. Expected lives were calculated based on the simplified-method due to insufficient historical exercise data. The valuations assume no dividends are paid.

***Income Taxes***

The Company recognizes deferred tax assets and liabilities for temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities and expected benefits of utilizing loss carryforwards. The impact on deferred taxes of changes in tax rates and tax law, if any, applied to the years during which temporary differences are expected to be settled, are reflected in the consolidated financial statements in the period of enactment (see Note 16).

***Loss per Common Share***

Basic loss per common share is computed by dividing the net loss by the weighted-average common shares outstanding during the respective periods. Diluted loss per common share equals basic loss per common share for the periods presented, as the effect of stock options and other convertible securities are antidilutive because the Company incurred net losses.

***Segments***

The Company's operations are conducted through the use of a unified network and are managed and reported to its Chief Executive Officer ("CEO"), the Company's chief operating decision maker, on a consolidated basis. The CEO assesses performance and allocates resources based on the consolidated results of operations. Under this organizational and reporting structure, the Company has one reportable segment, broadband services.

**3. Allowance for Doubtful Accounts**

Activity in the allowance for doubtful accounts is summarized as follows for the years presented:

	<b>Year Ended December 31,</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
Balance, beginning of period	\$ 16	\$ 17	\$ 11
Charged to expense	105	117	133
Uncollected balances written off, net of recoveries	(107)	(118)	(127)
Balance, end of period	<u>\$ 14</u>	<u>\$ 16</u>	<u>\$ 17</u>

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**4. Property, Plant and Equipment**

Property, plant and equipment consists of the following as of December 31, 2012 and 2011:

	December 31,	
	2012	2011
Cable distribution systems	\$ 6,588	\$ 5,916
Customer equipment and installations	3,292	2,592
Vehicles and equipment	195	136
Buildings and leasehold improvements	342	318
Furniture, fixtures and equipment	352	299
	10,769	9,261
Less: accumulated depreciation	(3,563)	(2,364)
	\$ 7,206	\$ 6,897

The Company periodically evaluates the estimated useful lives used to depreciate its assets and the estimated amount of assets that will be abandoned or have minimal use in the future. A significant change in assumptions about the extent or timing of future asset retirements, or in the Company's use of new technology and upgrade programs, could materially affect future depreciation expense.

Depreciation expense for the years ended December 31, 2012, 2011 and 2010 was \$1.4 billion, \$1.3 billion, and \$1.2 billion, respectively. Property, plant and equipment increased \$49 million as a result of cable system acquisitions during the year ended December 31, 2011.

**5. Franchises, Goodwill and Other Intangible Assets**

Franchise rights represent the value attributed to agreements or authorizations with local and state authorities that allow access to homes in cable service areas. For valuation purposes, they are defined as the future economic benefits of the right to solicit and service potential customers (customer marketing rights), and the right to deploy and market new services, such as Internet and telephone, to potential customers (service marketing rights).

Franchise assets are tested for impairment annually, or more frequently as warranted by events or changes in circumstances. Franchise assets are aggregated into essentially inseparable units of accounting to conduct valuations. The units of accounting have historically represented geographical clustering of our cable systems into groups by which such systems were managed. In 2012, as a result of changes to the Company's organizational structure, the evolution of competition in the industry, and changes in the regulatory environment, the Company concluded that the highest and best use of its franchise assets is at the consolidated level and as such combined its units of accounting into one unit as of November 30, 2012. As required by the accounting guidance on testing indefinite-lived intangible assets for impairment, the Company tested its franchise assets first based on the prior units of accounting before testing the new unit of accounting. No impairment was identified based on the new or prior units of accounting.

During 2012, the Company early adopted Accounting Standards Update ("ASU") No. 2012-02, Testing Indefinite Lived Intangible Assets for Impairment. This new standard gives the Company the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that an indefinite lived intangible asset has been impaired. If, after this qualitative assessment, the Company determines that it is not more likely than not that an indefinite lived intangible asset has been impaired, then no further quantitative testing is necessary. In completing the 2012 impairment testing of both the prior units of accounting and the new unit of accounting, the Company elected to perform this qualitative assessment. As such, the Company evaluated the impact of various factors to the expected future cash flows attributable to each of its units of accounting and to the assumed discount rate used to present value those cash flows. Such factors included macro-economic and industry conditions including the capital markets, regulatory, and competitive environment, and costs of

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programming and customer premise equipment along with changes to our organizational structure and strategies. After consideration of these qualitative factors, the Company concluded that it is more likely than not that the fair value of the franchise assets in each unit of accounting exceeds the carrying value of such assets and therefore did not perform a quantitative analysis in 2012.

If we are required to perform a quantitative analysis to test the Company's franchise assets for impairment, the Company determines the estimated fair value of each unit of accounting utilizing an income approach model based on the present value of the estimated discrete future cash flows attributable to each of the intangible assets identified for each unit assuming a discount rate. This approach makes use of unobservable factors such as projected revenues, expenses, capital expenditures, and a discount rate applied to the estimated cash flows. The determination of the discount rate is based on a weighted average cost of capital approach, which uses a market participant's cost of equity and after-tax cost of debt and reflects the risks inherent in the cash flows.

The Company estimates discounted future cash flows using reasonable and appropriate assumptions including among others, penetration rates for video, high-speed Internet, and telephone; revenue growth rates; operating margins; and capital expenditures. The assumptions are derived based on the Company's and its peers' historical operating performance adjusted for current and expected competitive and economic factors surrounding the cable industry. The estimates and assumptions made in the Company's valuations are inherently subject to significant uncertainties, many of which are beyond its control, and there is no assurance that these results can be achieved. The primary assumptions for which there is a reasonable possibility of the occurrence of a variation that would significantly affect the measurement value include the assumptions regarding revenue growth, programming expense growth rates, the amount and timing of capital expenditures and the discount rate utilized. The quantitative franchise valuations completed for the years ended December 31, 2011 and 2010 showed franchise values in excess of book values and thus resulted in no impairment.

Goodwill is tested for impairment as of November 30 of each year, or more frequently as warranted by events or changes in circumstances. Accounting guidance also permits a qualitative assessment for goodwill to determine whether it is more likely than not that the carrying value of a reporting unit exceeds its fair value. If, after this qualitative assessment, the Company determines that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount then no further quantitative testing would be necessary. If the Company is required to perform the two-step test under the accounting guidance, the first step involves a comparison of the estimated fair value of each of our reporting units to its carrying amount. If the estimated fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is not considered impaired and the second step of the goodwill impairment is not necessary. If the carrying amount of a reporting unit exceeds its estimated fair value, then the second step of the goodwill impairment test must be performed, and a comparison of the implied fair value of the reporting unit's goodwill is compared to its carrying amount to determine the amount of impairment, if any. Reporting units, consistent with the units of accounting used for franchise impairment testing, were consolidated into one reporting unit as of November 30, 2012. Likewise the fair values of the reporting units, when performing the second step of the goodwill impairment test, are determined using a consistent income approach model as that used for franchise impairment testing. As with the Company's franchise impairment testing, the Company elected to perform a qualitative assessment for its goodwill impairment testing and concluded that none of its reporting units are impaired based on the new or prior reporting units. The Company's 2011 and 2010 quantitative impairment analyses also did not result in any goodwill impairment charges.

Customer relationships, for valuation purposes, represent the value of the business relationship with existing customers (less the anticipated customer churn), and are calculated by projecting the discrete future after-tax cash flows from these customers, including the right to deploy and market additional services to these customers. The present value of these after-tax cash flows yields the fair value of the customer relationships. Customer relationships are amortized on an accelerated method over useful lives of 11-15 years based on the period over which current customers are expected to generate cash flows. Customer relationships are evaluated upon the occurrence of events or changes in circumstances indicating that the carrying amount of an asset may not be recoverable.

The fair value of trademarks is determined using the relief-from-royalty method which applies a fair royalty rate to estimated revenue. Royalty rates are estimated based on a review of market royalty rates in the communications and entertainment industries. As the Company expects to continue to use each trademark indefinitely, trademarks have been assigned an indefinite life and are tested annually for impairment using either a qualitative analysis or quantitative analysis as elected by management. The qualitative analysis in 2012 did not identify any factors that would indicate that it was more likely than not that the fair value of trademarks were less than the carrying value and thus resulted in no impairment. The Company's 2011 and 2010 quantitative impairment analyses did not result in any trademark impairment charges.

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As of December 31, 2012 and 2011, indefinite lived and finite-lived intangible assets are presented in the following table:

	December 31,					
	2012			2011		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
<b>Indefinite lived intangible assets:</b>						
Franchises	\$ 5,287	\$ —	\$ 5,287	\$ 5,288	\$ —	\$ 5,288
Goodwill	953	—	953	954	—	954
Trademarks	158	—	158	158	—	158
	<u>\$ 6,398</u>	<u>\$ —</u>	<u>\$ 6,398</u>	<u>\$ 6,400</u>	<u>\$ —</u>	<u>\$ 6,400</u>
<b>Finite-lived intangible assets:</b>						
Customer relationships	\$ 2,368	\$ 944	\$ 1,424	\$ 2,368	\$ 664	\$ 1,704
Other intangible assets	105	29	76	79	16	63
	<u>\$ 2,473</u>	<u>\$ 973</u>	<u>\$ 1,500</u>	<u>\$ 2,447</u>	<u>\$ 680</u>	<u>\$ 1,767</u>

Amortization expense related to customer relationships and other intangible assets for the years ended December 31, 2012, 2011 and 2010 was \$293 million, \$315 million and \$337 million, respectively. Franchises and goodwill decreased by \$1 million and \$1 million, respectively, as a result of cable system divestitures completed during the year ended December 31, 2012. During the year ended December 31, 2011, franchises, customer relationships and goodwill increased by \$31 million, \$10 million and \$3 million, respectively, as a result of cable system acquisitions.

The Company expects amortization expense on its finite-lived intangible assets will be as follows.

2013	\$ 269
2014	242
2015	216
2016	189
2017	163
Thereafter	421
	<u>\$ 1,500</u>

Actual amortization expense in future periods could differ from these estimates as a result of new intangible asset acquisitions or divestitures, changes in useful lives, impairments and other relevant factors.



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**6. Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities consist of the following as of December 31, 2012 and 2011:

	December 31,	
	2012	2011
Accounts payable – trade	\$ 107	\$ 80
Accrued capital expenditures	156	143
Deferred revenue	81	73
Accrued expenses:		
Interest	155	191
Programming costs	323	294
Franchise related fees	52	50
Compensation	145	123
Other	205	203
	<u>\$ 1,224</u>	<u>\$ 1,157</u>

**7. Long-Term Debt**

Long-term debt consists of the following as of December 31, 2012 and 2011:

	December 31,			
	2012		2011	
	Principal Amount	Accreted Value	Principal Amount	Accreted Value
CCH II, LLC:				
13.500% senior notes due November 30, 2016	\$ —	\$ —	\$ 1,480	\$ 1,692
CCO Holdings, LLC:				
7.250% senior notes due October 30, 2017	1,000	1,000	1,000	1,000
7.875% senior notes due April 30, 2018	900	900	900	900
7.000% senior notes due January 15, 2019	1,400	1,392	1,400	1,391
8.125% senior notes due April 30, 2020	700	700	700	700
7.375% senior notes due June 1, 2020	750	750	750	750
6.500% senior notes due April 30, 2021	1,500	1,500	1,500	1,500
6.625% senior notes due January 31, 2022	750	746	—	—
5.250% senior notes due September 30, 2022	1,250	1,238	—	—
5.125% senior notes due February 15, 2023	1,000	1,000	—	—
Credit facility due September 6, 2014	350	332	350	326
Charter Communications Operating, LLC:				
8.000% senior second-lien notes due April 30, 2012	—	—	500	502
10.875% senior second-lien notes due September 15, 2014	—	—	312	331
Credit facilities	3,337	3,250	3,929	3,764
<b>Long-Term Debt</b>	<u>\$ 12,937</u>	<u>\$ 12,808</u>	<u>\$ 12,821</u>	<u>\$ 12,856</u>

The accreted values presented above represent the fair value as of the date the Company emerged from Bankruptcy (see Note 18) or the principal amount of the notes less the original issue discount at the time of sale, plus the accretion to the balance sheet date.

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However, the amount that is currently payable if the debt becomes immediately due is equal to the principal amount of the debt. The Company has availability under its credit facilities of approximately \$960 million as of December 31, 2012, and as such, debt maturing in the next twelve months is classified as long-term.

***CCH II Notes***

In October 2012, the Company redeemed \$678 million aggregate principal amount of the CCH II 13.500% senior notes due 2016 at 108.522% of the principal amount. In November 2012, the Company redeemed the remaining \$468 million aggregate principal amount of CCH II 13.500% senior notes due 2016 at 106.75% of the principal amount. The transactions resulted in a gain on extinguishment of debt of approximately \$52 million for the year ended December 31, 2012.

***CCO Holdings Notes***

In April 2010, CCO Holdings and CCO Holdings Capital Corp. closed on transactions in which they issued \$900 million aggregate principal amount of 7.875% senior notes due 2018 and \$700 million aggregate principal amount of 8.125% senior notes due 2020. The net proceeds were used to finance the tender offers and redemptions in which \$800 million principal amount of CCO Holdings' outstanding 8.75% senior notes due 2013 and \$770 million principal amount of Charter Operating's outstanding 8.375% senior second lien notes due 2014 were repurchased. The transactions resulted in a loss on extinguishment of debt of approximately \$34 million for the year ended December 31, 2010.

In September 2010, CCO Holdings and CCO Holdings Capital Corp. closed on transactions in which they issued \$1.0 billion aggregate principal amount of 7.250% senior notes due 2017. The proceeds were used in October to repay amounts outstanding under the Charter Operating credit facilities. The transaction resulted in a loss on extinguishment of debt of approximately \$34 million for the year ended December 31, 2010.

In January 2011, CCO Holdings, LLC ("CCO Holdings") and CCO Holdings Capital Corp. closed on transactions in which they issued \$1.4 billion aggregate principal amount of 7.000% senior notes due 2019. The net proceeds of the issuances were contributed by CCO Holdings to Charter Communications Operating, LLC ("Charter Operating") as a capital contribution and were used to repay indebtedness under the Charter Operating credit facilities. The Company recorded a loss on extinguishment of debt of approximately \$67 million for the year ended December 31, 2011 related to these transactions.

In May 2011, CCO Holdings and CCO Holdings Capital Corp. closed on transactions in which they issued \$1.5 billion aggregate principal amount of 6.500% senior notes due 2021. The net proceeds of the issuances were contributed by CCO Holdings to Charter Operating as a capital contribution and intercompany loan and were used to repay indebtedness under the Charter Operating credit facilities. The Company recorded a loss on extinguishment of debt of approximately \$53 million for the year ended December 31, 2011 related to these transactions.

In December 2011, CCO Holdings and CCO Holdings Capital Corp. closed on transactions in which they issued \$750 million aggregate principal amount of 7.375% senior notes due 2020 ("CCO Holdings 2020 Notes"). The net proceeds of the issuances were used, along with borrowings under the Charter Operating credit facilities, to finance the tender offers in which \$407 million aggregate principal amount of Charter Operating's outstanding 8.000% senior second-lien notes due 2012, \$234 million aggregate principal amount of Charter Operating's 10.875% senior second-lien notes due 2014 and \$286 million aggregate principal amount of CCH II's 13.500% senior notes due 2016 were repurchased. These transactions resulted in a loss on extinguishment of debt for the year ended December 31, 2011 of approximately \$19 million.

In January 2012, CCO Holdings and CCO Holdings Capital Corp. closed on transactions in which they issued \$750 million principal amount of 6.625% senior notes due 2022. The notes were issued at a price of 99.5% of the aggregate principal amount. The net proceeds of the notes were used, along with a draw on the \$500 million delayed draw portion of the Charter Operating Term Loan A facility, to repurchase \$300 million aggregate principal amount of Charter Operating's outstanding 8.000% senior second-lien notes due 2012, \$294 million aggregate principal amount of Charter Operating's 10.875% senior second-lien notes due 2014 and \$334 million aggregate principal amount of CCH II's 13.500% senior notes due 2016, as well as to repay amounts outstanding under the Company's revolving credit facility. The tender offers closed in January and February 2012 and the Company recorded a loss on extinguishment of debt of approximately \$15 million on this transaction for the year ended December 31, 2012.

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In August 2012, CCO Holdings and CCO Holdings Capital Corp. closed on transactions in which they issued \$1.25 billion aggregate principal amount of 5.250% senior notes due 2022. The notes were issued at a price of 99.026% of the aggregate principal amount. The proceeds from the notes were used for general corporate purposes, including repaying amounts outstanding under the Company's revolving credit facility, and to fund the redemption of the CCH II 13.500% senior notes due 2016 during the fourth quarter of 2012.

In December 2012, CCO Holdings and CCO Holdings Capital Corp. closed on transactions in which they issued \$1.0 billion aggregate principal amount of 5.125% senior notes due 2023. The proceeds from the notes were used for general corporate purposes, including repaying amounts outstanding under the Company's credit facilities. These transactions resulted in a loss on extinguishment of debt for the year ended December 31, 2012 of approximately \$33 million.

The CCO Holdings notes are guaranteed by Charter. They are senior debt obligations of CCO Holdings and CCO Holdings Capital Corp. and rank equally with all other current and future unsecured, unsubordinated obligations of CCO Holdings and CCO Holdings Capital Corp. The CCO Holdings notes are structurally subordinated to all obligations of subsidiaries of CCO Holdings, including the Charter Operating notes and Charter Operating credit facilities.

CCO Holdings may redeem some or all of the CCO Holdings notes at any time at a premium. The optional redemption price declines to 100% of the respective series' principal amount, plus accrued and unpaid interest, if any, on or after varying dates in 2015 through 2018.

In addition, at any time prior to varying dates in 2013 through 2015, CCO Holdings may redeem up to 35% of the aggregate principal amount of the notes at a redemption price at a premium plus accrued and unpaid interest to the redemption date, with the net cash proceeds of one or more equity offerings (as defined in the indenture); provided that certain conditions are met.

In the event of specified change of control events, CCO Holdings must offer to purchase the outstanding CCO Holdings notes from the holders at a purchase price equal to 101% of the total principal amount of the notes, plus any accrued and unpaid interest.

#### ***Charter Operating Notes***

In August 2011, Charter Operating repurchased, in private transactions, a total of \$193 million principal amount of Charter Operating 8.000% senior second-lien notes due 2012 for approximately \$199 million cash. The transactions resulted in a loss on extinguishment of debt of approximately \$4 million for the year ended December 31, 2011.

In March 2012, Charter Operating redeemed the remaining \$18 million of 10.875% senior notes due 2014 pursuant to a notice of redemption.

#### ***High-Yield Restrictive Covenants; Limitation on Indebtedness.***

The indentures governing the CCO Holdings notes contain certain covenants that restrict the ability of CCO Holdings, CCO Holdings Capital Corp. and all of their restricted subsidiaries to:

- incur additional debt;
- pay dividends on equity or repurchase equity;
- make investments;
- sell all or substantially all of their assets or merge with or into other companies;
- sell assets;
- enter into sale-leasebacks;
- in the case of restricted subsidiaries, create or permit to exist dividend or payment restrictions with respect to CCO Holdings, guarantee their parent companies debt, or issue specified equity interests;
- engage in certain transactions with affiliates; and
- grant liens.

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***CCO Holdings Credit Facility***

CCO Holdings' credit agreement consists of a \$350 million term loan facility (the "CCO Holdings credit facility"). The facility matures in September 2014. Borrowings under the CCO Holdings credit facility bear interest at a variable interest rate based on either LIBOR (0.21% as of December 31, 2012) or a base rate plus, in either case, an applicable margin. The applicable margin for LIBOR term loans is 2.50% above LIBOR. If an event of default were to occur, CCO Holdings would not be able to elect LIBOR and would have to pay interest at the base rate plus the applicable margin. The CCO Holdings credit facility is secured by the equity interests of Charter Operating, and all proceeds thereof.

In April 2012, CCO Holdings entered into an amendment to its existing credit agreement dated March 6, 2007 which included, among other things, amendments to the Change of Control definition and certain other provisions and definitions related thereto. The Change of Control definition was amended to conform to the provision contained in Charter Operating's credit agreement as described below. Previously, the percentage of voting power necessary for a Change of Control had been 35%, and the definition of Change of Control did not include a Ratings Event.

***Charter Operating Credit Facilities***

In March 2010, Charter Operating entered into an amended and restated credit agreement. The refinancing resulted in a loss on extinguishment of debt of approximately \$1 million for the year ended December 31, 2010.

In 2010, the Company prepaid \$388 million principal amount of term B-1 and B-2 loans under the Charter Operating credit facilities resulting in a loss on extinguishment of debt of approximately \$16 million for the year ended December 31, 2010.

In December 2011, the Company entered into a senior secured term loan A facility pursuant to the terms of the Charter Operating credit agreement providing for \$750 million of term loans with a final maturity date of May 15, 2017 and no LIBOR floor. The term loan A facility had a delayed draw component: \$250 million was funded on closing of the term loan A and the remaining \$500 million was funded in March 2012. The proceeds were used along with proceeds of the CCO Holdings 2020 Notes to finance the repurchase of certain Charter Operating's 8.000% and 10.875% senior second-lien notes and certain of CCH II's 13.500% senior notes discussed above.

In April 2012, Charter Operating entered into a senior secured term loan D facility pursuant to the terms of the Charter Operating credit agreement providing for \$750 million of term loans with a final maturity date of May 15, 2019. Pricing on the new term loan D was set at LIBOR plus 3% with a LIBOR floor of 1% , and issued at a price of 99.5% of the aggregate principal amount. The proceeds were used to refinance Charter Operating's existing term loan B-1 and term loan B-2, both due 2014, with the remaining amount used to pay down a portion of its existing term loan C due 2016. Charter Operating concurrently amended and restated its existing \$1.3 billion revolving credit facility with a new \$1.15 billion revolving credit facility due 2017 at the interest rate of LIBOR plus 2.25% and amended and restated its existing credit agreement dated March 31, 2010 (the "Existing Credit Agreement"). The amendments to the Existing Credit Agreement included, among other things, certain allowances under the negative covenants, including an allowance for restricted payments so long as the Consolidated Leverage Ratio as defined in the Charter Operating credit agreement is no greater than 3.5 after giving pro forma effect to such restricted payment, the calculation of certain financial covenants and changes to the related financial definitions, and the thresholds for certain events of default, including a modification of the Change of Control definition. The Change of Control definition was amended to conform to the provision contained in the CCO Holdings' indentures so that a Change of Control would now occur upon both the consummation of a transaction resulting in any person or group having the power to vote more than 50% of the ordinary voting power and a Ratings Event as defined in the Charter Operating credit agreement. The Change of Control definition previously contained the more than 50% threshold without the Ratings Event trigger. The Company recorded a loss on extinguishment of debt of approximately \$59 million during the year ended December 31, 2012 related to these transactions.

The Charter Operating credit facilities have an outstanding principal amount of \$3.3 billion at December 31, 2012 as follows:

- A term A loan with a remaining principal amount of \$750 million, which is repayable in equal quarterly installments and aggregating \$38 million in 2013 and 2014 and \$75 million in 2015 and 2016, with the remaining balance due at final maturity on May 15, 2017;

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- A term C loan with a remaining principal amount of approximately \$1.5 billion, which is repayable in equal quarterly installments and aggregating \$16 million in each loan year, with the remaining balance due at final maturity on September 6, 2016;
- A term D loan with a remaining principal amount of approximately \$744 million, which is repayable in equal quarterly installments and aggregating \$8 million in each loan year, with the remaining balance due at final maturity on May 15, 2019;
- A non-revolving loan with a remaining principal amount of approximately \$199 million repayable in full on March 6, 2013; and
- A revolving loan with an outstanding balance of \$123 million at December 31, 2012 and allowing for borrowings of up to \$1.15 billion, maturing on April 11, 2017.

Amounts outstanding under the Charter Operating credit facilities bear interest, at Charter Operating's election, at a base rate or LIBOR (0.22% as of December 31, 2012 and 0.30% as of December 31, 2011 (0.58% for term C as of December 31, 2011)), as defined, plus a margin. The applicable LIBOR margin for the term loan A loans is currently 2.25%, and for the non-revolving loan is currently 1.75%. The applicable margin for the term C loans is currently 3.25% in the case of LIBOR loans. The term D loan bears interest at LIBOR plus 3% with a LIBOR floor of 1%. Charter Operating pays interest equal to LIBOR plus 2.25% on amounts borrowed under the revolving credit facility and pays a revolving commitment fee of .5% per annum on the daily average available amount of the revolving commitment, payable quarterly.

The Charter Operating credit facilities also allow the Company to enter into incremental term loans in the future with an aggregate, together with all other then outstanding first lien indebtedness, including any first lien notes, of no more than \$7.5 billion (less any principal payments of term loan indebtedness and first lien notes as a result of any sale of assets), with amortization as set forth in the notices establishing such term loans, but with no amortization greater than 1% per year prior to the final maturity of the existing term loans. Although the Charter Operating credit facilities allow for the incurrence of a certain amount of incremental term loans, no assurance can be given that the Company could obtain additional incremental term loans in the future if Charter Operating sought to do so or what amount of incremental term loans would be allowable at any given time under the terms of the Charter Operating credit facilities.

The obligations of Charter Operating under the Charter Operating credit facilities (the "Obligations") are guaranteed by Charter Operating's immediate parent company, CCO Holdings, and subsidiaries of Charter Operating. The Obligations are also secured by (i) a lien on substantially all of the assets of Charter Operating and its subsidiaries, to the extent such lien can be perfected under the Uniform Commercial Code by the filing of a financing statement, and (ii) a pledge by CCO Holdings of the equity interests owned by it in Charter Operating or any of Charter Operating's subsidiaries, as well as intercompany obligations owing to it by any of such entities.

#### ***Credit Facilities — Restrictive Covenants***

##### ***CCO Holdings Credit Facility***

The CCO Holdings credit facility contains covenants that are substantially similar to the restrictive covenants for the CCO Holdings notes except that the leverage ratio is 5.50 to 1.0. The CCO Holdings credit facility contains provisions requiring mandatory loan prepayments under specific circumstances, including in connection with certain sales of assets, so long as the proceeds have not been reinvested in the business. The CCO Holdings credit facility permits CCO Holdings and its subsidiaries to make distributions to pay interest on the CCH II notes, the CCO Holdings notes, and the Charter Operating second-lien notes, provided that, among other things, no default has occurred and is continuing under the CCO Holdings credit facility.

##### ***Charter Operating Credit Facilities***

The Charter Operating credit facilities contain representations and warranties, and affirmative and negative covenants customary for financings of this type. The financial covenants measure performance against standards set for leverage to be tested as of the end of each quarter. The Charter Operating credit facilities contain provisions requiring mandatory loan prepayments under specific circumstances, including in connection with certain sales of assets, so long as the proceeds have not been reinvested in the business. Additionally, the Charter Operating credit facilities provisions contain an allowance for restricted payments so long as the consolidated leverage ratio is no greater than 3.5 after giving pro forma effect to such restricted payment. The Charter Operating credit facilities permit Charter Operating and its subsidiaries to make distributions to pay interest on the currently outstanding

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subordinated and parent company indebtedness, provided that, among other things, no default has occurred and is continuing under the Charter Operating credit facilities

The events of default under the Charter Operating credit facilities include, among other things:

- the failure to make payments when due or within the applicable grace period;
- the failure to comply with specified covenants, including but not limited to a covenant to deliver audited financial statements for Charter Operating with an unqualified opinion from the Company’s independent accountants and without a “going concern” or like qualification or exception;
- the failure to pay or the occurrence of events that cause or permit the acceleration of other indebtedness owing by CCO Holdings, Charter Operating, or Charter Operating’s subsidiaries in aggregate principal amounts in excess of \$100 million; and
- similar to provisions contained in the CCO Holdings notes and credit facility, the consummation of any change of control transaction resulting in any person or group having power, directly or indirectly, to vote more than 50% of the ordinary voting power for the management of Charter Operating on a fully diluted basis and the occurrence of a ratings event including a downgrade in the corporate family rating during a ratings decline period.

**Limitations on Distributions**

Distributions by the Company’s subsidiaries to a parent company for payment of principal on parent company notes are restricted under the indentures and credit facilities discussed above, unless there is no default under the applicable indenture and credit facilities, and unless each applicable subsidiary’s leverage ratio test is met at the time of such distribution. As of December 31, 2012, there was no default under any of these indentures or credit facilities. Distributions by Charter Operating for payment of principal on parent company notes are further restricted by the covenants in its credit facilities.

In addition to the limitation on distributions under the various indentures discussed above, distributions by the Company’s subsidiaries may only be made if they have “surplus” as defined in the Delaware Limited Liability Company Act.

**Liquidity and Future Principal Payments**

The Company continues to have significant amounts of debt, and its business requires significant cash to fund principal and interest payments on its debt, capital expenditures and ongoing operations. As set forth below, the Company has significant future principal payments beginning in 2013 and beyond. The Company continues to monitor the capital markets, and it expects to undertake refinancing transactions and utilize free cash flow and cash on hand to further extend or reduce the maturities of its principal obligations. The timing and terms of any refinancing transactions will be subject to market conditions.

Based upon outstanding indebtedness as of December 31, 2012, the amortization of term loans, and the maturity dates for all senior and subordinated notes, total future principal payments on the total borrowings under all debt agreements as of December 31, 2012, are as follows:

Year	Amount
2013	\$ 260
2014	411
2015	98
2016	1,556
2017	1,655
Thereafter	8,957
	\$ 12,937

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**8. Preferred Stock**

On November 30, 2009, Charter issued approximately 5.5 million shares of 15% Pay-In-Kind Preferred Stock having an aggregate liquidation preference of \$138 million to holders of Charter convertible notes (the "Preferred Stock"). Pursuant to the terms of the Preferred Stock, the Company was required to pay a dividend at an annual rate equal to 15% on the liquidation preference of the Preferred Stock. The liquidation preference of the Preferred Stock was \$25 per share. On April 16, 2010, Charter redeemed all of the shares of the Preferred Stock for a redemption payment of \$25.948 per share or a total redemption payment for all shares of approximately \$143 million. The Preferred Stock was recorded at fair value with gains or losses recorded in other income (expense), net.

**9. Treasury Stock**

On March 22, 2011, the Company purchased, in a private transaction, 4.5 million shares of Charter's Class A common stock from funds advised by Franklin Advisers, Inc. The price paid was \$46.10 per share for a total of \$207 million. The transaction was funded from existing cash on hand and available liquidity.

Under a repurchase program authorized by Charter's board of directors in August 2011, 4.1 million shares of Charter's Class A common stock and warrants to purchase Charter's Class A common stock were purchased during the course of 2011 for a total of approximately \$200 million. The average price per share paid was \$48.48.

In December 2011, the Company purchased, in a private transaction with a shareholder, 750,000 shares at \$55.18 for a total of \$41 million. The Company received 700,668 of the shares prior to December 31, 2011, with 49,332 shares received in January 2012. In December 2011, the Company also entered into stock repurchase agreements for approximately 3.0 million shares of Charter's Class A common stock from funds advised by Oaktree Capital Management and approximately 2.2 million shares of Charter's Class A common stock from funds advised by Apollo Management Holdings. The price paid was \$54.35 per share for a total of \$163 million for the shares purchased from Oaktree Capital Management and \$117 million for the shares purchased from Apollo Management Holdings.

During the years ended December 31, 2012, 2011 and 2010, the Company withheld 129,417, 141,175 and 176,475 shares, respectively, of its common stock in payment of \$9 million, \$7 million and \$6 million, respectively, tax withholding owed by employees upon vesting of restricted shares.

In December 2011, Charter's board of directors approved the retirement of treasury stock and 14.8 million shares of treasury stock were retired as of December 31, 2011. The remaining 49,332 shares received in January 2012 were retired in January 2012.

In December 2012, Charter's board of directors approved the retirement of treasury stock and 129,417 shares of treasury stock were retired as of December 31, 2012.

These transactions were funded from existing cash on hand and available liquidity. The Company accounted for treasury stock using the cost method and the treasury shares upon repurchase were reflected on the Company's consolidated balance sheets as a component of total shareholders' equity. Upon retirement, these treasury shares were allocated between additional paid-in capital and accumulated deficit based on the cost of original issue included in additional paid-in capital.

**10. Common Stock**

Charter's Class A common stock and Class B common stock are identical except with respect to certain voting, transfer and conversion rights. Holders of Class A common stock are entitled to one vote per share and the holder of Class B common stock was entitled to votes equaling 35% of the voting interests in Charter on a fully diluted basis. Charter Holdco membership units were exchangeable on a one-for-one basis for shares of Class A common stock.

As of December 31, 2010, Paul G. Allen ("Mr. Allen") held all 2,241,299 shares of Class B common stock of Charter. Pursuant to the terms of the Certificate of Incorporation of Charter, on January 18, 2011, the Disinterested Members of the Board of Directors of Charter caused a conversion of the shares of Class B common stock into shares of Class A common stock on a one-for-one basis.

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Charter has outstanding 5.9 million warrants to purchase shares of Charter Class A common stock with an exercise price of \$46.86 per share and 1.0 million warrants to purchase shares of Charter Class A common stock with an exercise price \$51.28 per share, both of which expire on November 30, 2014. Charter also has outstanding 4.7 million warrants to purchase shares of Charter Class A common stock with an exercise price of \$19.80 per share that expire on November 30, 2016 owned by Mr. Allen. The warrants were valued at approximately \$90 million on November 30, 2009, using the Black-Scholes option-pricing model and are included in the accompanying balance sheets in total shareholders' equity.

The following table summarizes our shares outstanding for the three years ended December 31, 2012:

	<u>Class A Common Stock</u>	<u>Class B Common Stock</u>
BALANCE, December 31, 2009	112,576,872	2,241,299
CII exchange of Charter Holdco interest (see Note 16)	212,923	—
Restricted stock cancellations, net of issuances	(311,650)	—
Stock issuances from exercise of warrants	21	—
Stock issuances pursuant to employment agreements	16,000	—
Purchase of treasury stock (see Note 9)	(176,475)	—
BALANCE, December 31, 2010	112,317,691	2,241,299
Conversion of Class B common stock into Class A	2,241,299	(2,241,299)
Restricted stock issuances, net of cancellations	472,099	—
Option exercises	140,893	—
Stock issuances pursuant to employment agreements	7,000	—
Purchase of treasury stock (see Note 9)	(14,608,564)	—
BALANCE, December 31, 2011	100,570,418	—
Option exercises	370,715	—
Restricted stock issuances, net of cancellations	182,537	—
Stock issuances from exercise of warrants	179,850	—
Restricted stock unit vesting	51,476	—
Purchase of treasury stock (see Note 9)	(178,749)	—
BALANCE, December 31, 2012	101,176,247	—

#### 11. Accounting for Derivative Instruments and Hedging Activities

The Company uses interest rate swap agreements to manage its interest costs and reduce the Company's exposure to increases in floating interest rates. The Company manages its exposure to fluctuations in interest rates by maintaining a mix of fixed and variable rate debt. Using interest rate swap agreements, the Company agrees to exchange, at specified intervals through 2017, the difference between fixed and variable interest amounts calculated by reference to agreed-upon notional principal amounts.

The Company does not hold or issue derivative instruments for speculative trading purposes. The Company has certain interest rate derivative instruments that have been designated as cash flow hedging instruments. Such instruments effectively convert variable interest payments on certain debt instruments into fixed payments. For qualifying hedges, realized derivative gains and losses offset related results on hedged items in the consolidated statements of operations. The Company formally documents, designates and assesses the effectiveness of transactions that receive hedge accounting.



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The effect of derivative instruments on the Company's consolidated balance sheets is presented in the table below:

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Other long-term liabilities:		
Fair value of interest rate derivatives designated as hedges	\$ 67	\$ 65
Accrued interest:		
Fair value of interest rate derivatives designated as hedges	\$ 8	\$ —
Accumulated other comprehensive loss:		
Fair value of interest rate derivatives designated as hedges	\$ (75)	\$ (65)

Changes in the fair value of interest rate agreements that are designated as hedging instruments of the variability of cash flows associated with floating-rate debt obligations, and that meet effectiveness criteria are reported in accumulated other comprehensive loss. The amounts are subsequently reclassified as an increase or decrease to interest expense in the same periods in which the related interest on the floating-rate debt obligations affected earnings (losses).

The effects of derivative instruments on the Company's consolidated statements of comprehensive loss and consolidated statements of operations is presented in the table below.

	<u>Year Ended December 31,</u>		
	<u>2012</u>	<u>2011</u>	<u>2010</u>
Other comprehensive loss:			
Loss on interest rate derivatives designated as hedges (effective portion)	\$ (10)	\$ (8)	\$ (57)
Net loss:			
Amount of loss reclassified from accumulated other comprehensive loss into interest expense	\$ (36)	\$ (39)	\$ (27)

As of December 31, 2012 and 2011, the Company had \$3.1 billion and \$2.0 billion in notional amounts of interest rate swap agreements outstanding. The notional amounts of interest rate instruments do not represent amounts exchanged by the parties and, thus, are not a measure of exposure to credit loss. The amounts exchanged were determined by reference to the notional amount and the other terms of the contracts.

During the second quarter of 2012, the Company entered into \$1.1 billion in delayed start interest rate swaps that become effective in March 2013 through March 2015. In any future quarter in which a portion of these delayed start hedges first becomes effective, an equal or greater notional amount of the currently effective swaps are scheduled to mature. Therefore, the \$2.0 billion notional amount of currently effective interest rate swaps will gradually step down over time as current swaps mature and an equal or lesser amount of delayed start swaps become effective.

## 12. Fair Value Measurements

### *Financial Assets and Liabilities*

The Company has estimated the fair value of its financial instruments as of December 31, 2012 and 2011 using available market information or other appropriate valuation methodologies. Considerable judgment, however, is required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented in the accompanying consolidated financial statements are not necessarily indicative of the amounts the Company would realize in a current market exchange.

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The carrying amounts of cash and cash equivalents, receivables, payables and other current assets and liabilities approximate fair value because of the short maturity of those instruments.

The estimated fair value of the Company's debt at December 31, 2012 and 2011 are based on quoted market prices and is classified within Level 1 (defined below) of the valuation hierarchy.

A summary of the carrying value and fair value of the Company's debt at December 31, 2012 and 2011 is as follows:

	December 31, 2012		December 31, 2011	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Debt</b>				
CCH II debt	\$ —	\$ —	\$ 1,692	\$ 1,713
CCO Holdings debt	\$ 9,226	\$ 9,933	\$ 6,241	\$ 6,630
Charter Operating debt	\$ —	\$ —	\$ 833	\$ 847
Credit facilities	\$ 3,582	\$ 3,695	\$ 4,090	\$ 4,193

The interest rate derivatives designated as hedges were valued as \$75 million and \$65 million liabilities as of December 31, 2012 and 2011, respectively, using a present value calculation based on an implied forward LIBOR curve (adjusted for Charter Operating's or counterparties' credit risk) and were classified within Level 2 (defined below) of the valuation hierarchy. The weighted average pay rate for the Company's currently effective interest rate swaps was 2.25% at December 31, 2012 and 2011 (exclusive of applicable spreads).

The accounting guidance establishes a three-level hierarchy for disclosure of fair value measurements, based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date, as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

***Nonfinancial Assets and Liabilities***

The Company's nonfinancial assets such as franchises, property, plant, and equipment, and other intangible assets are not measured at fair value on a recurring basis; however they are subject to fair value adjustments in certain circumstances, such as when there is evidence that an impairment may exist. No impairments were recorded in 2012, 2011 and 2010.

In 2011, the Company acquired cable systems for total cash consideration of approximately \$89 million and the Company acquired cable systems valued at \$16 million in a non-cash transaction in exchange for Company cable systems. The acquisitions were recorded by allocating the cost of the acquisitions to the assets acquired, including property, plant and equipment, franchises and customer relationships based on their estimated fair values at the acquisition dates. The excess of the cost of the acquisitions over the net amounts assigned to the fair value of the assets acquired was recorded as goodwill. The fair value inputs used for the acquired assets were classified as Level 3 within the fair value hierarchy.

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**13. Operating Costs and Expenses**

Operating costs and expenses consist of the following for the years presented:

	Year Ended December 31,		
	2012	2011	2010
Programming	\$ 1,979	\$ 1,872	\$ 1,815
Franchise, regulatory and connectivity	369	359	367
Costs to service customers	1,363	1,268	1,262
Marketing	422	387	396
Other	727	678	646
	<u>\$ 4,860</u>	<u>\$ 4,564</u>	<u>\$ 4,486</u>

Programming costs consist primarily of costs paid to programmers for basic, premium, digital, OnDemand, and pay-per-view programming. Franchise, regulatory and connectivity costs represent payments to franchise and regulatory authorities and costs directly related to providing Internet and telephone services. Costs to service customers include costs related to field operations, network operations and customer care including labor, reconnects, maintenance, billing, occupancy and vehicle costs. Marketing costs represents the costs of marketing to our current and potential commercial and residential customers including labor costs. Other includes bad debt and collections expense, corporate overhead, commercial and advertising sales expenses, property tax and insurance and stock compensation expense, among others.

**14. Other Operating Expenses, Net**

Other operating expenses, net consist of the following for the years presented:

	Year Ended December 31,		
	2012	2011	2010
(Gain)/loss on sale of assets, net	\$ (5)	\$ (4)	\$ 9
Special charges, net	20	11	16
	<u>\$ 15</u>	<u>\$ 7</u>	<u>\$ 25</u>

***(Gain)/loss on sale of assets, net***

(Gain)/loss on sale of assets represents the gain or loss recognized on the sales of fixed assets and cable systems.

***Special charges, net***

Special charges, net for the years ended December 31, 2012, 2011 and 2010 primarily includes severance charges as well as net amounts of litigation settlements.

**15. Stock Compensation Plans**

Charter's 2009 Stock Incentive Plan provides for grants of nonqualified stock options, incentive stock options, stock appreciation rights, dividend equivalent rights, performance units and performance shares, share awards, phantom stock, restricted stock units and restricted stock. Directors, officers and other employees of the Company and its subsidiaries, as well as others performing consulting services for the Company, are eligible for grants under the 2009 Stock Incentive Plan. The 2009 Stock Incentive Plan allows for the issuance of up to 8 million shares of Charter Class A common stock (or units convertible into Charter Class A common stock).

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Under the 2009 Stock Incentive Plan, stock options generally vest annually over four years from either the grant date or delayed vesting commencement dates. A portion of stock options and restricted stock vest based on achievement of stock price hurdles. Stock options generally expire ten years from the grant date. Restricted stock vests annually over a one to four-year period beginning from the date of grant. Restricted stock units have no voting rights and vest ratably over four years from either the grant date or delayed vesting commencement dates. As of December 31, 2012, total unrecognized compensation remaining to be recognized in future periods totaled \$50 million for stock options, \$33 million for restricted stock and \$17 million for restricted stock units and the weighted average period over which they are expected to be recognized is three years.

The Company recorded \$50 million, \$36 million and \$26 million of stock compensation expense for the years ended December 31, 2012, 2011 and 2010, respectively, which is included in operating costs and expenses and other operating expenses, net.

A summary of the activity for the Company's stock options for the years ended December 31, 2012, 2011 and 2010, is as follows (amounts in thousands, except per share data):

	<b>Year Ended December 31,</b>					
	<b>2012</b>		<b>2011</b>		<b>2010</b>	
	<b>Shares</b>	<b>Weighted Average Exercise Price</b>	<b>Shares</b>	<b>Weighted Average Exercise Price</b>	<b>Shares</b>	<b>Weighted Average Exercise Price</b>
Outstanding, beginning of period	4,018	\$ 49.53	1,431	\$ 35.12	—	\$ —
Granted	813	\$ 69.00	3,042	\$ 54.30	1,461	\$ 35.12
Exercised	(371)	\$ 40.57	(141)	\$ 35.38	—	\$ —
Canceled	(908)	\$ 51.74	(314)	\$ 36.40	(30)	\$ 35.38
Outstanding, end of period	<u>3,552</u>	\$ 54.35	<u>4,018</u>	\$ 49.53	<u>1,431</u>	\$ 35.12
Weighted average remaining contractual life	<u>8</u> years		<u>9</u> years		<u>10</u> years	
Options exercisable, end of period	<u>469</u>	\$ 46.23	<u>189</u>	\$ 34.92	—	\$ —
Weighted average fair value of options granted	<u>\$ 28.17</u>		<u>\$ 23.03</u>		<u>\$ 17.00</u>	

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A summary of the activity for the Company's restricted stock for the years ended December 31, 2012, 2011 and 2010, is as follows (amounts in thousands, except per share data):

	Year Ended December 31,					
	2012		2011		2010	
	Shares	Weighted Average Grant Price	Shares	Weighted Average Grant Price	Shares	Weighted Average Grant Price
Outstanding, beginning of period	1,115	\$ 45.72	1,081	\$ 34.81	1,920	\$ 35.25
Granted	244	\$ 60.48	669	\$ 53.16	177	\$ 32.23
Vested	(370)	\$ 36.02	(438)	\$ 34.98	(527)	\$ 35.14
Canceled	(61)	\$ 35.25	(197)	\$ 34.98	(489)	\$ 35.25
Outstanding, end of period	<u>928</u>	<u>\$ 54.16</u>	<u>1,115</u>	<u>\$ 45.72</u>	<u>1,081</u>	<u>\$ 34.81</u>

No restricted stock units were granted in 2010. A summary of the activity for the Company's restricted stock units for the years ended December 31, 2012 and 2011 is as follows (amounts in thousands, except per share data):

	Year Ended December 31,			
	2012		2011	
	Shares	Weighted Average Grant Price	Shares	Weighted Average Grant Price
Outstanding, beginning of period	273	\$ 54.86	—	\$ —
Granted	142	\$ 71.33	276	\$ 54.87
Vested	(52)	\$ 56.59	—	\$ —
Canceled	(36)	\$ 54.47	(3)	\$ 55.12
Outstanding, end of period	<u>327</u>	<u>\$ 61.79</u>	<u>273</u>	<u>\$ 54.86</u>

## 16. Income Taxes

All of Charter's operations are held through Charter Holdco and its direct and indirect subsidiaries. Charter Holdco and the majority of its subsidiaries are generally limited liability companies that are not subject to income tax. However, certain of these limited liability companies are subject to state income tax. In addition, the indirect subsidiaries that are corporations are subject to federal and state income tax. All of the remaining taxable income, gains, losses, deductions and credits of Charter Holdco are passed through to Charter and its direct subsidiaries.

On February 8, 2010, Charter acquired the remaining interests in Charter Holdco that it did not already own in a non-taxable transaction with a Paul Allen related entity, pursuant to an exchange agreement entered into in connection with the Plan, in exchange for 212,923 shares of Charter's Class A common stock after which Charter Holdco became 100% owned by Charter. As a result of this transaction, Charter recorded the tax attributes previously attributed to the noncontrolling interest which increased net deferred tax liabilities by approximately \$99 million. The \$99 million is the result of an overall increase in the gross deferred tax liability of \$221 million and a corresponding reduction of valuation allowance of \$122 million. The combined net effects of this

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transaction were recorded in the financial statements as a \$168 million reduction of additional paid-in capital and a \$69 million reduction of income tax expense for the year ended December 31, 2010.

For the years ended December 31, 2012, 2011, and 2010, the Company recorded deferred income tax expense and benefits as shown below. The income tax expense is recognized primarily through increases in deferred tax liabilities related to our investment in Charter Holdco, as well as through current federal and state income tax expense and increases in the deferred tax liabilities of certain of our indirect corporate subsidiaries. The income tax benefits were realized through reductions in the deferred tax liabilities related to Charter's investment in Charter Holdco, as well as the deferred tax liabilities of certain of Charter's indirect corporate subsidiaries. The tax provision in future periods will vary based on current and future temporary differences, as well as future operating results.

Current and deferred income tax expense is as follows:

	<b>Year Ended December 31,</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
Current expense:			
Federal income taxes	\$ —	\$ —	\$ —
State income taxes	(7)	(9)	(8)
Current income tax expense	(7)	(9)	(8)
Deferred expense:			
Federal income taxes	(223)	(258)	(263)
State income taxes	(27)	(32)	(24)
Deferred income tax expense	(250)	(290)	(287)
Total income tax expense	\$ (257)	\$ (299)	\$ (295)

The Company's effective tax rate differs from that derived by applying the applicable federal income tax rate of 35% for the years ended December 31, 2012, 2011, and 2010, respectively, as follows:

	<b>Year Ended December 31,</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
Statutory federal income taxes	\$ 17	\$ 24	\$ (20)
Statutory state income taxes, net	(7)	(9)	(8)
Nondeductible expenses	(6)	(5)	(4)
Change in valuation allowance	(264)	(312)	(248)
Changes in provision estimates	(1)	1	(23)
Other	4	2	8
Income tax expense	\$ (257)	\$ (299)	\$ (295)

For the years ended December 31, 2012, 2011, and 2010, the change in valuation allowance includes an increase of \$4 million, \$3 million, and \$22 million, respectively, related to adjustments to cash flow hedges included in other comprehensive income, and 2010 also includes an increase of \$50 million related to Charter's investment in partnership interest.

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The tax effects of these temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2012 and 2011 are presented below.

	<b>December 31,</b>	
	<b>2012</b>	<b>2011</b>
Deferred tax assets:		
Goodwill	\$ 199	\$ 193
Investment in partnership	448	448
Loss carryforwards	3,145	3,069
Accrued and other	135	114
	<hr/>	<hr/>
Total gross deferred tax assets	3,927	3,824
Less: valuation allowance	(2,851)	(2,587)
	<hr/>	<hr/>
Deferred tax assets	<u>\$ 1,076</u>	<u>\$ 1,237</u>
Deferred tax liabilities:		
Indefinite life intangibles	\$ (1,094)	\$ (838)
Other intangibles	(256)	(392)
Property, plant and equipment	(575)	(567)
Indirect corporate subsidiaries:		
Indefinite life intangibles	(120)	(119)
Other	(132)	(145)
	<hr/>	<hr/>
Deferred tax liabilities	(2,177)	(2,061)
	<hr/>	<hr/>
Net deferred tax liabilities	<u>\$ (1,101)</u>	<u>\$ (824)</u>

Included in net deferred tax liabilities above is net current deferred assets of \$21 million and \$23 million as of December 31, 2012 and 2011, respectively, included in prepaid expenses and other current assets in the accompanying consolidated balance sheets of the Company. Net deferred tax liabilities included approximately \$219 million and \$221 million at December 31, 2012 and 2011, respectively, relating to certain indirect subsidiaries of Charter Holdco that file separate federal or state income tax returns. The remainder of the Company's net deferred tax liability arose from Charter's investment in Charter Holdco, and was largely attributable to the characterization of franchises for financial reporting purposes as indefinite-lived.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. Due to the Company's history of losses and the limitations imposed under Section 382 of the Code, discussed below, on Charter's ability to use existing loss carryforwards in the future, valuation allowances have been established except for future taxable income that will result from the reversal of existing temporary differences for which deferred tax liabilities are recognized. Realization of deferred tax assets is dependent on generating sufficient taxable income prior to expiration of the loss carryforwards. The amount of the deferred tax assets considered realizable and, therefore, reflected in the consolidated balance sheet, would be increased at such time that it is more-likely-than-not future taxable income will be realized during the carryforward period. At the time this consideration is met, an adjustment to reverse some portion of the existing valuation allowance would result.

As of December 31, 2012, Charter and its indirect corporate subsidiaries had approximately \$7.7 billion of federal tax net operating loss carryforwards, capital loss carryforwards and suspended losses resulting in a gross deferred tax asset of approximately \$2.7 billion. Federal tax net operating and capital loss carryforwards expire in the years 2014 through 2032. Federal suspended losses can generally be carried forward indefinitely. These losses resulted from the operations of Charter Holdco and its subsidiaries. In addition, as of December 31, 2012, Charter and its indirect corporate subsidiaries had state tax net operating loss carryforwards,

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capital loss carryforwards and suspended losses, resulting in a gross deferred tax asset (net of federal tax benefit) of approximately \$252 million. State tax net operating and capital loss carryforwards generally expire in the years 2013 through 2032. State suspended losses can generally be carried forward indefinitely.

Upon emergence from bankruptcy, Charter experienced an “ownership change” as defined in Section 382 of the Code. Therefore, the use of Charter’s tax loss carryforwards is subject to certain limitations under Section 382. As of December 31, 2012, \$3.7 billion of federal tax loss carryforwards are unrestricted and available for Charter’s immediate use, while approximately \$3.6 billion of federal tax loss carryforwards are still subject to Section 382 restrictions. Pursuant to these restrictions, an aggregate of \$932 million, in varying amounts from 2013 to 2014, and an additional \$226 million annually over each of the next 12 years of federal tax loss carryforwards, should become unrestricted and available for Charter’s use. Those limitation amounts accumulate for future use to the extent they are not utilized in a given year. Charter’s state loss carryforwards are also subject to similar, but varying, restrictions on their future use. Charter’s indirect corporate subsidiaries are also subject to separate Section 382 limitations on the utilization of their net operating loss carryforwards. If the Company was to experience another “ownership change” in the future, its ability to use its loss carryforwards could be subject to further limitations.

In determining the Company’s tax provision for financial reporting purposes, the Company establishes a reserve for uncertain tax positions unless such positions are determined to be “more likely than not” of being sustained upon examination, based on their technical merits. There is considerable judgment involved in determining whether positions taken on the tax return are “more likely than not” of being sustained. A reconciliation of the beginning and ending amount of unrecognized tax benefits included in other long-term liabilities in the accompanying consolidated balance sheets of the Company is as follows.

Balance at December 31, 2010	\$	224
Additions based on tax positions related to prior year		64
Reductions due to tax positions related to prior year		<u>(60)</u>
Balance at December 31, 2011		228
Additions based on tax positions related to prior year		1
Reductions due to tax positions related to prior year		<u>(27)</u>
Balance at December 31, 2012	\$	<u><u>202</u></u>

The Company’s entire reserve for uncertain tax positions includes tax positions for which the ultimate deductibility is highly certain, but for which there is uncertainty about the character of the deductibility. Included in the balance at December 31, 2012 and 2011, are \$26 million of net reductions and \$4 million of net additions, respectively. The change in character of the deduction would not impact the annual effective tax rate after consideration of the valuation allowance. The deductions for the uncertain tax positions are included with the loss carryforwards in the deferred tax assets.

The Company anticipates that its existing reserves related to uncertain income tax positions as of December 31, 2012 may significantly decrease during the twelve-month period ending December 31, 2013; however, various events could cause the Company’s current expectations to change in the future. These uncertain tax positions, if ever recognized in the financial statements, would be recorded in the consolidated statement of operations as part of the income tax provision.

No tax years for Charter or Charter Holdco are currently under examination by the Internal Revenue Service. Tax years ending 2009 through 2012 remain subject to examination and assessment. Years prior to 2009 remain open solely for purposes of examination of Charter’s loss and credit carryforwards.

## **17. Related Party Transactions**

The following sets forth certain transactions in which the Company and the directors, executive officers, and affiliates of the Company are involved or, in the case of the management arrangements, subsidiaries that are debt issuers that pay certain of their parent companies for services.



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Charter is a party to management arrangements with Charter Holdco and certain of its subsidiaries. Under these agreements, Charter and Charter Holdco provide management services for the cable systems owned or operated by their subsidiaries. Costs associated with providing these services are charged directly to the Company's operating subsidiaries and are included within operating costs and expenses in the accompanying consolidated statements of operations. Such costs totaled \$247 million, \$249 million, and \$246 million for the years ended December 31, 2012, 2011, and 2010, respectively. All other costs incurred on behalf of Charter's operating subsidiaries are considered a part of the management fee and are recorded as a component of operating costs and expenses, in the accompanying consolidated financial statements. The management fee charged to the Company's operating subsidiaries approximated the expenses incurred by Charter Holdco and Charter on behalf of the Company's operating subsidiaries in 2012, 2011, and 2010.

***Registration Rights Agreement***

As part of the emergence from Chapter 11 bankruptcy in 2009, the Company agreed to a Registration Rights Agreement with certain holders of the Company's Class A common stock which required the Company to file a shelf-registration statement with the SEC to provide for a continuous secondary offering of the stock. The registration statement became effective in November 2010. The Registration Rights Agreement provided that any holder of securities that wished to sell stock under the existing shelf-registration statement must give the Company five business days notice that such holder wishes to sell and that the Company notify the other holders which were party to the Registration Rights Agreement.

In August 2012, the Company and the Company's three largest holders, Apollo Management, funds affiliated with Encore LLC and Oaktree Capital, amended the Registration Rights Agreement to provide for sales of shares of the Company's Class A common stock in a block trade through an underwriter and the related mechanics for block trades. Because the amendment involved the Company and affiliates, it was deemed a related party transaction. The amendment was considered and approved by the Audit Committee. Charter received no compensation from entering into the amendment nor from any subsequent sales of shares.

***Allen Agreement***

As part of the emergence from Chapter 11 bankruptcy in 2009, Charter, Mr. Allen and CII entered into a separate restructuring agreement (as amended, the "Allen Agreement"), in settlement and compromise of their legal, contractual and equitable rights, claims and remedies against Charter and its subsidiaries. In addition to any amounts received by virtue of CII's holding other claims against Charter and its subsidiaries, on the Effective Date, CII was issued 2.2 million shares of the new Charter Class B common stock and 35% (determined on a fully diluted basis) of the total voting power of all new capital stock of Charter. Each share of new Charter Class B common stock was convertible, at the option of the holder or the Disinterested Members of the Board of Directors of Charter, into one share of new Charter Class A common stock, and was subject to significant restrictions on transfer and conversion. Certain holders of new Charter Class A common stock (and securities convertible into or exercisable or exchangeable therefore) and new Charter Class B common stock received certain customary registration rights with respect to their shares. Pursuant to the terms of the Certificate of Incorporation of Charter, on January 18, 2011, the Disinterested Members of the Board of Directors of Charter caused a conversion of the shares of Class B common stock, all held by Mr. Allen, into shares of Class A common stock on a one-for-one basis. As a result of such conversion, Mr. Allen no longer has the right to appoint four directors and the Class B directors became Class A directors. On January 18, 2011, directors William L. McGrath and Christopher M. Temple, both former Class B directors, resigned from Charter's board of directors.

***Stock Repurchases***

See "Note 9. Treasury Stock" for the description of Charter's purchase of shares of its Class A common stock from Franklin Advisers, Inc., Oaktree Capital Management and Apollo Management Holdings. At the time of the purchase, funds advised by Franklin Advisers, Inc., Oaktree Capital Management and Apollo Management Holdings beneficially held more than 10% of Charter's Class A common stock.

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**18. Commitments and Contingencies**

**Commitments**

The following table summarizes the Company's payment obligations as of December 31, 2012 for its contractual obligations.

	<u>Total</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Thereafter</u>
<b>Contractual Obligations</b>							
Capital and Operating Lease Obligations (1)	\$ 125	\$ 32	\$ 28	\$ 21	\$ 17	13	\$ 14
Programming Minimum Commitments (2)	521	146	94	98	95	88	—
Other (3)	648	507	118	23	—	—	—
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
Total	<u>\$ 1,294</u>	<u>\$ 685</u>	<u>\$ 240</u>	<u>\$ 142</u>	<u>\$ 112</u>	<u>\$ 101</u>	<u>\$ 14</u>

(1) The Company leases certain facilities and equipment under noncancelable operating leases. Leases and rental costs charged to expense for the years ended December 31, 2012, 2011 and 2010 were \$28 million, \$27 million, \$28 million, respectively.

(2) The Company pays programming fees under multi-year contracts ranging from three to ten years, typically based on a flat fee per customer, which may be fixed for the term, or may in some cases escalate over the term. Programming costs included in the accompanying statement of operations were \$2.0 billion, \$1.9 billion, and \$1.8 billion for the years ended December 31, 2012, 2011, and 2010 respectively. Certain of the Company's programming agreements are based on a flat fee per month or have guaranteed minimum payments. The table sets forth the aggregate guaranteed minimum commitments under the Company's programming contracts.

(3) "Other" represents other guaranteed minimum commitments, which consist primarily of commitments to the Company's customer premise equipment vendors and billing services vendors.

The following items are not included in the contractual obligation table due to various factors discussed below. However, the Company incurs these costs as part of its operations:

- The Company rents utility poles used in its operations. Generally, pole rentals are cancelable on short notice, but the Company anticipates that such rentals will recur. Rent expense incurred for pole rental attachments for the years ended December 31, 2012, 2011, and 2010 was \$47 million, \$49 million, and \$50 million, respectively.
- The Company pays franchise fees under multi-year franchise agreements based on a percentage of revenues generated from video service per year. The Company also pays other franchise related costs, such as public education grants, under multi-year agreements. Franchise fees and other franchise-related costs included in the accompanying statement of operations were \$176 million, \$174 million, and \$178 million for the years ended December 31, 2012, 2011, and 2010 respectively.
- The Company also has \$67 million in letters of credit, primarily to its various worker's compensation, property and casualty, and general liability carriers, as collateral for reimbursement of claims.

**Litigation**

On March 27, 2009, Charter filed a Chapter 11 petition in the United States Bankruptcy Court for the Southern District of New York. On November 17, 2009, the Bankruptcy Court issued its Order and Opinion confirming the Plan over the objections of various objectors. Charter consummated the Plan on November 30, 2009.

Two appeals are pending relating to confirmation of the Plan, the appeals by (i) Law Debenture Trust Company of New York ("LDT") (as the Trustee with respect to the \$479 million in aggregate principal amount of 6.50% convertible senior notes due 2027 issued by Charter which are no longer outstanding following consummation of the Plan and the holders of which already

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received distributions of approximately \$168 million pursuant to the Plan); and (ii) R<sup>2</sup> Investments, LDC (“R<sup>2</sup> Investments”) (a former equity interest holder in Charter). The appeals by LDT and R<sup>2</sup> Investments were denied by the District Court for the Southern District of New York in March 2011. On August 31, 2012, the 2nd Circuit Court of Appeals unanimously affirmed the district court's decision holding that R<sup>2</sup> Investments and LDT's appeals are equitably moot. Thereafter, R<sup>2</sup> Investments and LDT sought a rehearing *en banc* with the 2nd Circuit which was denied. On January 10, 2013, R<sup>2</sup> Investments and LDT filed a petition for a writ of certiorari with the United States Supreme Court, asking that court to review the 2<sup>nd</sup> Circuit's decision claiming there is a split among the circuit Courts regarding the equitable mootness principle that the Supreme Court should resolve. The Company continues to vigorously contest this matter although it cannot predict the ultimate outcome of this lawsuit nor can it reasonably estimate a range of possible loss.

The Company is also a defendant or co-defendant in several lawsuits claiming infringement of various patents relating to various aspects of its businesses. Other industry participants are also defendants in certain of these cases. In the event that a court ultimately determines that the Company infringes on any intellectual property rights, the Company may be subject to substantial damages and/or an injunction that could require the Company or its vendors to modify certain products and services the Company offers to its subscribers, as well as negotiate royalty or license agreements with respect to the patents at issue. While the Company believes the lawsuits are without merit and intends to defend the actions vigorously, no assurance can be given that any adverse outcome would not be material to the Company's consolidated financial condition, results of operations, or liquidity. The Company cannot predict the outcome of any such claims nor can it reasonably estimate a range of possible loss.

The Company is party to lawsuits and claims that arise in the ordinary course of conducting its business, including lawsuits claiming violation of anti-trust laws and violation of wage and hour laws. The ultimate outcome of these other legal matters pending against the Company cannot be predicted, and although such lawsuits and claims are not expected individually to have a material adverse effect on the Company's consolidated financial condition, results of operations or liquidity, such lawsuits could have, in the aggregate, a material adverse effect on the Company's consolidated financial condition, results of operations or liquidity. Whether or not the Company ultimately prevails in any particular lawsuit or claim, litigation can be time consuming and costly and injure the Company's reputation.

### ***Regulation in the Cable Industry***

The operation of a cable system is extensively regulated by the Federal Communications Commission (“FCC”), some state governments and most local governments. The FCC has the authority to enforce its regulations through the imposition of substantial fines, the issuance of cease and desist orders and/or the imposition of other administrative sanctions, such as the revocation of FCC licenses needed to operate certain transmission facilities used in connection with cable operations. The Telecommunications Act of 1996 altered the regulatory structure governing the nation's communications providers. It removed barriers to competition in both the cable television market and the telephone market. Among other things, it reduced the scope of cable rate regulation and encouraged additional competition in the video programming industry by allowing telephone companies to provide video programming in their own telephone service areas. Future legislative and regulatory changes could adversely affect the Company's operations.

### **19. Employee Benefit Plan**

The Company's employees may participate in the Charter Communications, Inc. 401(k) Plan. Employees that qualify for participation can contribute up to 50% of their salary, on a pre-tax basis, subject to a maximum contribution limit as determined by the Internal Revenue Service. Each payroll period, the Company will contribute to the 401(k) Plan the total amount of the salary reduction the employee elects to defer between 1% and 50%. The Company's matching contribution is discretionary with the intent that any contribution be based on performance metrics used in its other bonus and incentive plans. The discretionary performance contribution is made on an annual basis (instead of on a per pay period basis). Each participant who makes before-tax contributions and is employed on the last day of the fiscal year receives a portion of the discretionary performance contribution, if any, on a pro rata basis. The Company divides each participant's before-tax contributions for the year (up to 5% of eligible earnings, excluding catch-up contributions) by the total employee contributions (up to 5% of eligible earnings, excluding catch-up contributions) for the year to determine each participant's share of any discretionary performance contribution. The Company made contributions to the 401(k) plan totaling \$6 million and \$7 million for the years ended December 31, 2011 and 2010, respectively, and expects to make contributions to the 401(k) plan totaling \$8 million for the year ended December 31, 2012.

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Effective January 1, 2013, the Company's matching contribution will be equal to 50% of the amount of the salary reduction the participant elects to defer (up to 6% of the participant's eligible compensation), excluding any catch-up contributions and will be paid by the Company on a per pay period basis.

**20. Recently Issued Accounting Standards**

In July 2012, the FASB issued ASU 2012-02, Intangibles - Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment ("ASU 2012-02"). ASU 2012-02 permits an entity to make a qualitative assessment to determine whether it is more likely than not that an indefinite-lived intangible asset, other than goodwill, is impaired. This standard is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. Early adoption is permitted. The Company adopted ASU 2012-02 with its 2012 annual impairment testing. The adoption of ASU 2012-02 did not have a material impact on its consolidated financial statements.

**21. Unaudited Quarterly Financial Data**

The following table presents quarterly data for the periods presented on the consolidated statement of operations:

	Year Ended December 31, 2012			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	\$ 1,827	\$ 1,884	\$ 1,880	\$ 1,913
Income from operations	\$ 230	\$ 269	\$ 211	\$ 206
Net loss	\$ (94)	\$ (83)	\$ (87)	\$ (40)
Loss per common share:				
Basic and diluted	\$ (0.95)	\$ (0.84)	\$ (0.87)	\$ (0.41)

Weighted average common shares outstanding:				
Basic and diluted	99,432,960	99,496,755	99,694,672	100,003,344

	Year Ended December 31, 2011			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	\$ 1,770	\$ 1,791	\$ 1,809	\$ 1,834
Income from operations	\$ 269	\$ 270	\$ 237	\$ 265
Net loss	\$ (110)	\$ (107)	\$ (85)	\$ (67)
Loss per common share:				
Basic and diluted	\$ (0.97)	\$ (0.98)	\$ (0.79)	\$ (0.63)

Weighted average common shares outstanding:				
Basic and diluted	113,224,303	109,265,876	108,420,169	105,503,936

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**22. Consolidating Schedules**

The CCO Holdings notes and the CCO Holdings credit facility are obligations of CCO Holdings. However, the CCO Holdings notes are also jointly, severally, fully and unconditionally guaranteed on an unsecured senior basis by Charter.

The accompanying condensed consolidating financial information has been prepared and presented pursuant to SEC Regulation S-X Rule 3-10, *Financial Statements of Guarantors and Affiliates Whose Securities Collateralize an Issue Registered or Being Registered*. This information is not intended to present the financial position, results of operations and cash flows of the individual companies or groups of companies in accordance with generally accepted accounting principles.

Condensed consolidating financial statements as of December 31, 2012 and 2011 and for the years ended December 31, 2012, 2011 and 2010 follow.

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**Charter Communications, Inc.**  
**Condensed Consolidating Balance Sheet**  
**As of December 31, 2012**

	Charter	Intermediate Holding Companies	CCO Holdings	Charter Operating and Subsidiaries	Eliminations	Charter Consolidated
<b>ASSETS</b>						
<b>CURRENT ASSETS:</b>						
Cash and cash equivalents	\$ 1	\$ —	\$ —	\$ 6	\$ —	\$ 7
Restricted cash and cash equivalents	—	—	—	27	—	27
Accounts receivable, net	1	3	—	230	—	234
Receivables from related party	59	176	11	—	(246)	—
Prepaid expenses and other current assets	19	8	—	38	—	65
Total current assets	<u>80</u>	<u>187</u>	<u>11</u>	<u>301</u>	<u>(246)</u>	<u>333</u>
<b>INVESTMENT IN CABLE PROPERTIES:</b>						
Property, plant and equipment, net	—	32	—	7,174	—	7,206
Franchises	—	—	—	5,287	—	5,287
Customer relationships, net	—	—	—	1,424	—	1,424
Goodwill	—	—	—	953	—	953
Total investment in cable properties, net	<u>—</u>	<u>32</u>	<u>—</u>	<u>14,838</u>	<u>—</u>	<u>14,870</u>
CC VIII PREFERRED INTEREST	104	242	—	—	(346)	—
INVESTMENT IN SUBSIDIARIES	1,081	269	9,485	—	(10,835)	—
LOANS RECEIVABLE – RELATED PARTY	—	309	359	—	(668)	—
OTHER NONCURRENT ASSETS	—	163	118	115	—	396
Total assets	<u>\$ 1,265</u>	<u>\$ 1,202</u>	<u>\$ 9,973</u>	<u>\$ 15,254</u>	<u>\$ (12,095)</u>	<u>\$ 15,599</u>
<b>LIABILITIES AND SHAREHOLDERS'/MEMBER'S EQUITY</b>						
<b>CURRENT LIABILITIES:</b>						
Accounts payable and accrued liabilities	\$ 12	\$ 121	\$ 146	\$ 945	\$ —	\$ 1,224
Payables to related party	—	—	—	246	(246)	—
Total current liabilities	<u>12</u>	<u>121</u>	<u>146</u>	<u>1,191</u>	<u>(246)</u>	<u>1,224</u>
LONG-TERM DEBT	—	—	9,558	3,250	—	12,808
LOANS PAYABLE – RELATED PARTY	—	—	—	668	(668)	—
DEFERRED INCOME TAXES	902	—	—	220	—	1,122
OTHER LONG-TERM LIABILITIES	202	—	—	94	—	296
Shareholders'/Member's equity	149	1,081	269	9,485	(10,835)	149
Noncontrolling interest	—	—	—	346	(346)	—
Total shareholders'/member's equity	<u>149</u>	<u>1,081</u>	<u>269</u>	<u>9,831</u>	<u>(11,181)</u>	<u>149</u>
Total liabilities and shareholders'/member's equity	<u>\$ 1,265</u>	<u>\$ 1,202</u>	<u>\$ 9,973</u>	<u>\$ 15,254</u>	<u>\$ (12,095)</u>	<u>\$ 15,599</u>

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**Condensed Consolidating Balance Sheet**  
**As of December 31, 2011**

	Charter	Intermediate Holding Companies	CCO Holdings	Charter Operating and Subsidiaries	Eliminations	Charter Consolidated
<b>ASSETS</b>						
<b>CURRENT ASSETS:</b>						
Cash and cash equivalents	\$ —	\$ —	\$ 2	\$ —	\$ —	\$ 2
Restricted cash and cash equivalents	—	—	—	27	—	27
Accounts receivable, net	—	4	—	264	—	268
Receivables from related party	58	184	7	—	(249)	—
Prepaid expenses and other current assets	21	17	—	22	—	60
Total current assets	<u>79</u>	<u>205</u>	<u>9</u>	<u>313</u>	<u>(249)</u>	<u>357</u>
<b>INVESTMENT IN CABLE PROPERTIES:</b>						
Property, plant and equipment, net	—	33	—	6,864	—	6,897
Franchises	—	—	—	5,288	—	5,288
Customer relationships, net	—	—	—	1,704	—	1,704
Goodwill	—	—	—	954	—	954
Total investment in cable properties, net	<u>—</u>	<u>33</u>	<u>—</u>	<u>14,810</u>	<u>—</u>	<u>14,843</u>
CC VIII PREFERRED INTEREST	91	213	—	—	(304)	—
INVESTMENT IN SUBSIDIARIES	1,102	2,094	8,623	—	(11,819)	—
LOANS RECEIVABLE – RELATED PARTY	—	299	37	—	(336)	—
OTHER NONCURRENT ASSETS	—	162	90	149	—	401
Total assets	<u>\$ 1,272</u>	<u>\$ 3,006</u>	<u>\$ 8,759</u>	<u>\$ 15,272</u>	<u>\$ (12,708)</u>	<u>\$ 15,601</u>
<b>LIABILITIES AND SHAREHOLDERS'/MEMBER'S EQUITY</b>						
<b>CURRENT LIABILITIES:</b>						
Accounts payable and accrued liabilities	\$ 12	\$ 208	\$ 98	\$ 839	\$ —	\$ 1,157
Payables to related party	—	—	—	249	(249)	—
Total current liabilities	<u>12</u>	<u>208</u>	<u>98</u>	<u>1,088</u>	<u>(249)</u>	<u>1,157</u>
LONG-TERM DEBT	—	1,692	6,567	4,597	—	12,856
LOANS PAYABLE – RELATED PARTY	—	—	—	336	(336)	—
DEFERRED INCOME TAXES	624	—	—	223	—	847
OTHER LONG-TERM LIABILITIES	227	4	—	101	—	332
Shareholders'/Member's equity	409	1,102	2,094	8,623	(11,819)	409
Noncontrolling interest	—	—	—	304	(304)	—
Total shareholders'/member's equity	<u>409</u>	<u>1,102</u>	<u>2,094</u>	<u>8,927</u>	<u>(12,123)</u>	<u>409</u>
Total liabilities and shareholders'/member's equity	<u>\$ 1,272</u>	<u>\$ 3,006</u>	<u>\$ 8,759</u>	<u>\$ 15,272</u>	<u>\$ (12,708)</u>	<u>\$ 15,601</u>

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**Charter Communications, Inc.**  
**Condensed Consolidating Statement of Operations**  
**For the year ended December 31, 2012**

	Charter	Intermediate Holding Companies	CCO Holdings	Charter Operating and Subsidiaries	Eliminations	Charter Consolidated
REVENUES	\$ 24	\$ 159	\$ —	\$ 7,504	\$ (183)	\$ 7,504
COSTS AND EXPENSES:						
Operating costs and expenses (excluding depreciation and amortization)	24	159	—	4,860	(183)	4,860
Depreciation and amortization	—	—	—	1,713	—	1,713
Other operating expenses, net	—	—	—	15	—	15
	24	159	—	6,588	(183)	6,588
Income from operations	—	—	—	916	—	916
OTHER INCOME AND (EXPENSES):						
Interest expense, net	—	(103)	(541)	(263)	—	(907)
Gain (loss) on extinguishment of debt	—	46	—	(101)	—	(55)
Other expense, net	—	—	—	(1)	—	(1)
Equity in income (loss) of subsidiaries	(63)	(35)	506	—	(408)	—
	(63)	(92)	(35)	(365)	(408)	(963)
Income (loss) before income taxes	(63)	(92)	(35)	551	(408)	(47)
INCOME TAX EXPENSE	(254)	—	—	(3)	—	(257)
Consolidated net income (loss)	(317)	(92)	(35)	548	(408)	(304)
Less: Net (income) loss – noncontrolling interest	13	29	—	(42)	—	—
Net income (loss)	\$ (304)	\$ (63)	\$ (35)	\$ 506	\$ (408)	\$ (304)



**CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012, 2011 AND 2010**  
(dollars in millions, except share or per share data or where indicated)

**Charter Communications, Inc.**  
**Condensed Consolidating Statement of Operations**  
**For the year ended December 31, 2011**

	Charter	Intermediate Holding Companies	CCO Holdings	Charter Operating and Subsidiaries	Eliminations	Charter Consolidated
REVENUES	\$ 33	\$ 124	\$ —	\$ 7,204	\$ (157)	\$ 7,204
<b>COSTS AND EXPENSES:</b>						
Operating costs and expenses (excluding depreciation and amortization)	33	124	—	4,564	(157)	4,564
Depreciation and amortization	—	—	—	1,592	—	1,592
Other operating expenses, net	—	—	—	7	—	7
	33	124	—	6,163	(157)	6,163
Income from operations	—	—	—	1,041	—	1,041
<b>OTHER INCOME AND (EXPENSES):</b>						
Interest expense, net	—	(191)	(381)	(391)	—	(963)
Loss on extinguishment of debt	—	(6)	—	(137)	—	(143)
Other expense, net	—	—	—	(5)	—	(5)
Equity in income (loss) of subsidiaries	(87)	82	463	—	(458)	—
	(87)	(115)	82	(533)	(458)	(1,111)
Income (loss) before income taxes	(87)	(115)	82	508	(458)	(70)
INCOME TAX EXPENSE	(295)	(1)	—	(3)	—	(299)
Consolidated net income (loss)	(382)	(116)	82	505	(458)	(369)
Less: Net (income) loss – noncontrolling interest	13	29	—	(42)	—	—
Net income (loss)	\$ (369)	\$ (87)	\$ 82	\$ 463	\$ (458)	\$ (369)

**CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012, 2011 AND 2010**  
**(dollars in millions, except share or per share data or where indicated)**

**Charter Communications, Inc.**  
**Condensed Consolidating Statement of Operations**  
**For the year ended December 31, 2010**

	Charter	Intermediate Holding Companies	CCO Holdings	Charter Operating and Subsidiaries	Eliminations	Charter Consolidated
REVENUES	\$ 33	\$ 118	\$ —	\$ 7,059	\$ (151)	\$ 7,059
<b>COSTS AND EXPENSES:</b>						
Operating costs and expenses (excluding depreciation and amortization)	33	118	—	4,486	(151)	4,486
Depreciation and amortization	—	—	—	1,524	—	1,524
Other operating expenses, net	—	—	—	25	—	25
	33	118	—	6,035	(151)	6,035
Income from operations	—	—	—	1,024	—	1,024
<b>OTHER INCOME AND (EXPENSES):</b>						
Interest expense, net	—	(195)	(142)	(540)	—	(877)
Loss on extinguishment of debt	—	—	(17)	(68)	—	(85)
Other income (expense), net	2	—	—	(6)	—	(4)
Equity in income (loss) of subsidiaries	25	194	353	—	(572)	—
	27	(1)	194	(614)	(572)	(966)
Income (loss) before income taxes	27	(1)	194	410	(572)	58
INCOME TAX EXPENSE	(275)	—	—	(20)	—	(295)
Consolidated net income (loss)	(248)	(1)	194	390	(572)	(237)
Less: Net (income) loss – noncontrolling interest	11	26	—	(37)	—	—
Net income (loss)	\$ (237)	\$ 25	\$ 194	\$ 353	\$ (572)	\$ (237)

**CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012, 2011 AND 2010**  
(dollars in millions, except share or per share data or where indicated)

**Charter Communications, Inc.**  
**Condensed Consolidating Statement of Comprehensive Income (Loss)**  
**For the year ended December 31, 2012**

	Charter	Intermediate Holding Companies	CCO Holdings	Charter Operating and Subsidiaries	Eliminations	Charter Consolidated
Consolidated net income (loss)	\$ (317)	\$ (92)	\$ (35)	\$ 548	\$ (408)	\$ (304)
Changes in fair value of interest rate swap agreements, net of tax	—	—	—	(10)	—	(10)
<b>Comprehensive income (loss)</b>	<b>\$ (317)</b>	<b>\$ (92)</b>	<b>\$ (35)</b>	<b>\$ 538</b>	<b>\$ (408)</b>	<b>\$ (314)</b>

**Charter Communications, Inc.**  
**Condensed Consolidating Statement of Comprehensive Income (Loss)**  
**For the year ended December 31, 2011**

	Charter	Intermediate Holding Companies	CCO Holdings	Charter Operating and Subsidiaries	Eliminations	Charter Consolidated
Consolidated net income (loss)	\$ (382)	\$ (116)	\$ 82	\$ 505	\$ (458)	\$ (369)
Changes in fair value of interest rate swap agreements, net of tax	—	—	—	(8)	—	(8)
<b>Comprehensive income (loss)</b>	<b>\$ (382)</b>	<b>\$ (116)</b>	<b>\$ 82</b>	<b>\$ 497</b>	<b>\$ (458)</b>	<b>\$ (377)</b>

**Charter Communications, Inc.**  
**Condensed Consolidating Statement of Comprehensive Income (Loss)**  
**For the year ended December 31, 2010**

	Charter	Intermediate Holding Companies	CCO Holdings	Charter Operating and Subsidiaries	Eliminations	Charter Consolidated
Consolidated net income (loss)	\$ (248)	\$ (1)	\$ 194	\$ 390	\$ (572)	\$ (237)
Changes in fair value of interest rate swap agreements, net of tax	—	—	—	(57)	—	(57)
<b>Comprehensive income (loss)</b>	<b>\$ (248)</b>	<b>\$ (1)</b>	<b>\$ 194</b>	<b>\$ 333</b>	<b>\$ (572)</b>	<b>\$ (294)</b>

**CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012, 2011 AND 2010**  
**(dollars in millions, except share or per share data or where indicated)**

Charter Communications, Inc.  
Condensed Consolidating Statement of Cash Flows  
For the year ended December 31, 2012

	Charter	Intermediate Holding Companies	CCO Holdings	Charter Operating and Subsidiaries	Eliminations	Charter Consolidated
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Consolidated net income (loss)	\$ (317)	\$ (92)	\$ (35)	\$ 548	\$ (408)	\$ (304)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:						
Depreciation and amortization	—	—	—	1,713	—	1,713
Noncash interest expense	—	(23)	18	50	—	45
(Gain) loss on extinguishment of debt	—	(46)	—	101	—	55
Deferred income taxes	252	—	—	(2)	—	250
Equity in (income) losses of subsidiaries	63	35	(506)	—	408	—
Other, net	—	—	—	45	—	45
Changes in operating assets and liabilities, net of effects from acquisitions and dispositions:						
Accounts receivable	(1)	1	—	34	—	34
Prepaid expenses and other assets	2	8	—	(18)	—	(8)
Accounts payable, accrued liabilities and other	—	(87)	47	86	—	46
Receivables from and payables to related party	(1)	(1)	(11)	13	—	—
Net cash flows from operating activities	(2)	(205)	(487)	2,570	—	1,876
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Purchases of property, plant and equipment	—	—	—	(1,745)	—	(1,745)
Change in accrued expenses related to capital expenditures	—	—	—	13	—	13
Sales of cable systems	—	—	—	19	—	19
Contribution to subsidiary	(14)	(71)	(2,330)	—	2,415	—
Distributions from subsidiary	12	1,891	2,014	—	(3,917)	—
Other, net	—	—	—	(24)	—	(24)
Net cash flows from investing activities	(2)	1,820	(316)	(1,737)	(1,502)	(1,737)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>						
Borrowings of long-term debt	—	—	2,984	2,846	—	5,830
Repayments of long-term debt	—	(1,621)	—	(4,280)	—	(5,901)
Borrowings (payments) loans payable - related parties	—	—	(314)	314	—	—
Payment for debt issuance costs	—	—	(39)	(14)	—	(53)
Purchase of treasury stock	(11)	—	—	—	—	(11)
Contributions from parent	—	84	1	2,330	(2,415)	—
Distributions to parent	—	(72)	(1,831)	(2,014)	3,917	—
Other, net	16	(6)	—	(9)	—	1
Net cash flows from financing activities	5	(1,615)	801	(827)	1,502	(134)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1</b>	<b>—</b>	<b>(2)</b>	<b>6</b>	<b>—</b>	<b>5</b>
CASH AND CASH EQUIVALENTS, beginning of period	—	—	2	—	—	2
CASH AND CASH EQUIVALENTS, end of period	<u>\$ 1</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 6</u>	<u>\$ —</u>	<u>\$ 7</u>

**CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012, 2011 AND 2010**  
**(dollars in millions, except share or per share data or where indicated)**

Charter Communications, Inc.  
Condensed Consolidating Statement of Cash Flows  
For the year ended December 31, 2011

	Charter	Intermediate Holding Companies	CCO Holdings	Charter Operating and Subsidiaries	Eliminations	Charter Consolidated
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Consolidated net income (loss)	\$ (382)	\$ (116)	\$ 82	\$ 505	\$ (458)	\$ (369)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:						
Depreciation and amortization	—	—	—	1,592	—	1,592
Noncash interest expense	—	(38)	20	52	—	34
Loss on extinguishment of debt	—	6	—	137	—	143
Deferred income taxes	294	—	—	(4)	—	290
Equity in (income) losses of subsidiaries	87	(82)	(463)	—	458	—
Other, net	—	—	—	33	—	33
Changes in operating assets and liabilities, net of effects from acquisitions and dispositions:						
Accounts receivable	—	(5)	—	(19)	—	(24)
Prepaid expenses and other assets	1	(1)	—	1	—	1
Accounts payable, accrued liabilities and other	1	(16)	58	(6)	—	37
Receivables from and payables to related party	(1)	—	(7)	8	—	—
Net cash flows from operating activities	—	(252)	(310)	2,299	—	1,737
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Purchases of property, plant and equipment	—	—	—	(1,311)	—	(1,311)
Change in accrued expenses related to capital expenditures	—	—	—	57	—	57
Purchases of cable systems	—	—	—	(88)	—	(88)
Contribution to subsidiary	—	—	(2,837)	—	2,837	—
Distributions from subsidiary	528	4,956	650	—	(6,134)	—
Other, net	—	—	—	(24)	—	(24)
Net cash flows from investing activities	528	4,956	(2,187)	(1,366)	(3,297)	(1,366)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>						
Borrowings of long-term debt	—	—	3,640	1,849	—	5,489
Repayments of long-term debt	—	(332)	—	(4,740)	—	(5,072)
Borrowings (payments) loans payable - related parties	—	—	223	(223)	—	—
Payment for debt issuance costs	—	—	(54)	(8)	—	(62)
Purchase of treasury stock	(533)	(200)	—	—	—	(733)
Contributions from parent	—	—	—	2,837	(2,837)	—
Distributions to parent	—	(4,173)	(1,311)	(650)	6,134	—
Other, net	5	(2)	—	2	—	5
Net cash flows from financing activities	(528)	(4,707)	2,498	(933)	3,297	(373)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	—	(3)	1	—	—	(2)
CASH AND CASH EQUIVALENTS, beginning of period	—	3	1	—	—	4
CASH AND CASH EQUIVALENTS, end of period	\$ —	\$ —	\$ 2	\$ —	\$ —	\$ 2

**CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012, 2011 AND 2010**  
(dollars in millions, except share or per share data or where indicated)

Charter Communications, Inc.  
Condensed Consolidating Statement of Cash Flows  
For the year ended December 31, 2010

	Charter	Intermediate Holding Companies	CCO Holdings	Charter Operating and Subsidiaries	Eliminations	Charter Consolidated
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Consolidated net income (loss)	\$ (248)	\$ (1)	\$ 194	\$ 390	\$ (572)	\$ (237)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:						
Depreciation and amortization	—	—	—	1,524	—	1,524
Noncash interest expense	—	(35)	12	97	—	74
Loss on extinguishment of debt	—	—	15	66	—	81
Deferred income taxes	275	—	—	12	—	287
Equity in (income) losses of subsidiaries	(25)	(194)	(353)	—	572	—
Other, net	(2)	2	—	34	—	34
Changes in operating assets and liabilities, net of effects from acquisitions and dispositions:						
Accounts receivable	—	—	—	1	—	1
Prepaid expenses and other assets	(2)	4	—	20	—	22
Accounts payable, accrued liabilities and other	—	70	31	41	—	142
Receivables from and payables to related party	(18)	(37)	(14)	69	—	—
Net cash flows from operating activities	(20)	(191)	(115)	2,254	—	1,928
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Purchases of property, plant and equipment	—	—	—	(1,209)	—	(1,209)
Change in accrued expenses related to capital expenditures	—	—	—	8	—	8
Contribution to subsidiary	(45)	(82)	(1,697)	—	1,824	—
Distributions from subsidiary	6	208	251	—	(465)	—
Loans to subsidiaries	—	(30)	—	—	30	—
Other, net	—	—	—	31	—	31
Net cash flows from investing activities	(39)	96	(1,446)	(1,170)	1,389	(1,170)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>						
Borrowings of long-term debt	—	—	2,600	515	—	3,115
Repayments of long-term debt	—	—	(826)	(3,526)	—	(4,352)
Repayment of preferred stock	(138)	—	—	—	—	(138)
Payment for debt issuance costs	—	—	(45)	(31)	—	(76)
Purchase of treasury stock	(6)	—	—	—	—	(6)
Contributions from parent	—	122	5	1,697	(1,824)	—
Distributions to parent	—	(42)	(172)	(251)	465	—
Borrowings from parent	—	—	—	30	(30)	—
Other, net	—	—	—	(6)	—	(6)
Net cash flows from financing activities	(144)	80	1,562	(1,572)	(1,389)	(1,463)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(203)	(15)	1	(488)	—	(705)
CASH AND CASH EQUIVALENTS, beginning of period	203	18	—	488	—	709
CASH AND CASH EQUIVALENTS, end of period	\$ —	\$ 3	\$ 1	\$ —	\$ —	\$ 4

**CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012, 2011 AND 2010**  
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**23. Subsequent Events**

In February 2013, the Company entered into a definitive agreement under which it will acquire Cablevision Systems Corporation's former Bresnan cable systems, known as Optimum West, for approximately \$1.6 billion in cash. Optimum West manages cable operating systems in Colorado, Montana, Wyoming and Utah. Charter Operating has obtained a commitment from two financial institutions to provide a \$1.5 billion term loan to fund a portion of the purchase price. The transaction is expected to close in the third quarter of 2013.

CCO HOLDINGS, LLC

and

CCO HOLDINGS CAPITAL CORP.,

as Issuers,

CHARTER COMMUNICATIONS, INC.,

as Parent Guarantor

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,

as Trustee

FIFTH SUPPLEMENTAL INDENTURE

Dated as of December 17, 2012

5.125% Senior Notes due 2023

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CROSS-REFERENCE TABLE\*

<i>Trust Indenture Act Section</i>	<i>Indenture Section</i>
310(a)(1)	7.10
(a)(2)	7.10
(a)(3)	N.A.
(a)(4)	N.A.
(a)(5)	7.10
(b)	7.10
(c)	N.A.
311(a)	7.11
(b)	7.11
(c)	N.A.
312(a)	2.05
(b)	11.03
(c)	11.03
313(a)	7.06
(b)(1)	N.A.
(b)(2)	7.06; 7.07
(c)	7.06; 11.02
(d)	7.06
314(a)	4.04; 11.02; 11.04
(b)	N.A.
(c)(1)	11.04
(c)(2)	11.04
(c)(3)	N.A.
(d)	N.A.
(e)	11.05
(f)	N.A.
315(a)	7.01; 7.02
(b)	7.05; 11.02
(c)	7.01
(d)	7.01
(e)	6.11
316(a) (last sentence)	2.09
(a)(1)(A)	6.05
(a)(1)(B)	6.04
(a)(2)	N.A.
(b)	6.07
(c)	2.12
317(a)(1)	6.08
(a)(2)	6.09
(b)	2.04
318(a)	11.01
(b)	N.A.
(c)	11.01

N.A. means not applicable.

\* This Cross Reference Table is not part of this Supplemental Indenture.

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FIFTH SUPPLEMENTAL INDENTURE dated as of December 17, 2012 (the “*Supplemental Indenture*”) among CCO Holdings, LLC, a Delaware limited liability company (as further defined below, the “*Company*”), CCO Holdings Capital Corp., a Delaware corporation (as further defined below, “*Capital Corp*” and together with the Company, the “*Issuers*”), Charter Communications, Inc., a Delaware corporation (as further defined below, “*CCI*” or the “*Parent Guarantor*”) (with respect to Article 10 and Section 7.07 only) and The Bank of New York Mellon Trust Company, N.A., as trustee (the “*Trustee*”).

WHEREAS, the Issuers, the Parent Guarantor and the Trustee have previously executed and delivered an Indenture, dated as of May 10, 2011 (the “*Base Indenture*”), providing for the issuance from time to time of one or more series of the Issuers' senior debt securities;

WHEREAS, Section 9.01 of the Base Indenture provides that the Issuers and the Trustee may enter into a supplemental indenture to the Base Indenture to, among other things, establish the form or terms of any series of Notes (as defined in the Base Indenture) as permitted by Section 2.01 and Section 9.01 of the Base Indenture;

WHEREAS, clause (8) of Section 9.01 of the Base Indenture provides that the Issuers and the Trustee may enter into a supplemental indenture changing or eliminating any provision of the Base Indenture; *provided*, that any such change shall become effective only when there is no outstanding Notes (as defined in the Base Indenture) of such series created prior to the execution of such supplemental indenture which is entitled to the benefit of such provisions;

WHEREAS, the Issuers and the Guarantor are entering into this Supplemental Indenture to, among other things, establish the form and terms of the Issuers' new series of 5.125% Senior Notes due 2023 (the “*Notes*”) pursuant to the Base Indenture, as modified by this Supplemental Indenture;

WHEREAS, Section 9.01 of the Base Indenture provides that the Issuers and Guarantor may conform the Base Indenture, as amended and supplemented, or the Notes, as amended or supplemented, to the description and terms of such Notes in the offering memorandum, prospectus supplement or other offering document applicable to such Notes at the time of the initial sale thereof; and

WHEREAS, all conditions necessary to authorize the execution and delivery of this Supplemental Indenture and to make it a valid and binding obligation of the Issuers have been done or performed.

NOW, THEREFORE, in consideration of the agreements and obligations set forth herein and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Issuers, the Parent Guarantor and the Trustee, for the benefit of each other and for the equal and ratable benefit of the Holders of the Notes (as defined herein), hereby enter into this Supplemental Indenture to, among other things, establish the terms of the Notes pursuant to Section 2.01 of the Base Indenture and there is hereby established the Issuers' “5.125% Senior Notes

due 2023” as a separate series of Notes (as defined in the Base Indenture) and such parties further agree that this Supplemental Indenture affects the Issuers' 5.125% Senior Notes due 2023 only and not any other series of Notes (as defined in the Base Indenture), except with respect to Section 9.02 hereof.

## ARTICLE 1

### DEFINITIONS AND INCORPORATION BY REFERENCE

Section 1.01 Definitions. The terms defined in this Section 1.01 (except as herein otherwise expressly provided or unless the context of this Supplemental Indenture otherwise requires) for all purposes of this Supplemental Indenture and of any indenture supplemental hereto that governs the Notes have the respective meanings specified in this Section 1.01. All other terms used in this Supplemental Indenture that are defined in the Base Indenture or the TIA, either directly or by reference therein (except as herein otherwise expressly provided or unless the context of this Supplemental Indenture otherwise requires), have the respective meanings assigned to such terms in the Base Indenture or the TIA, as the case may be, as in force at the date of this Supplemental Indenture as originally executed.

“*Acquired Debt*” means, with respect to any specified Person:

- (1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Subsidiary of, such specified Person; and
- (2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

“*Additional Notes*” means Notes issued pursuant to the terms of this Supplemental Indenture in addition to Initial Notes (other than any Notes issued in respect of Initial Notes pursuant to Sections 2.06, 2.07, 2.10, 3.06, 3.09 or 4.16 of this Supplemental Indenture or Section 9.05 of the Base Indenture).

“*Asset Acquisition*” means (a) an Investment by the Company or any of its Restricted Subsidiaries in any other Person pursuant to which such Person shall become a Restricted Subsidiary of the Company or any of its Restricted Subsidiaries or shall be merged with or into the Company or any of its Restricted Subsidiaries, or (b) the acquisition by the Company or any of its Restricted Subsidiaries of the assets of any Person which constitute all or substantially all of the assets of such Person, any division or line of business of such Person or any other properties or assets of such Person other than in the ordinary course of business.

“*Asset Sale*” means:

- (1) the sale, lease, conveyance or other disposition of any assets or rights, other than sales of inventory in the ordinary course of the Cable Related Business consistent with applicable past practices; *provided* that the sale, conveyance or other disposition of all or substantially all of the assets of the Company and its Subsidiaries, taken as a whole, shall be governed by Section 4.16 and/or Section 5.01 and not by the provisions of Section 4.11; and

(2) the issuance of Equity Interests by any Restricted Subsidiary of the Company or the sale of Equity Interests in any Restricted Subsidiary of the Company.

Notwithstanding the preceding, the following items shall not be deemed to be Asset Sales:

(1) any single transaction or series of related transactions that: (a) involves assets having a fair market value of less than \$100.0 million; or (b) results in net proceeds to the Company and its Restricted Subsidiaries of less than \$100.0 million;

(2) a transfer of assets between or among the Company and its Restricted Subsidiaries;

(3) an issuance of Equity Interests by a Restricted Subsidiary of the Company to the Company or to another Wholly Owned Restricted Subsidiary of the Company;

(4) any Restricted Payment that is permitted by Section 4.07, any Restricted Investment that is permitted by Section 4.08 or a Permitted Investment;

(5) the incurrence of Liens not prohibited by this Supplemental Indenture and the disposition of assets related to such Liens by the secured party pursuant to a foreclosure;

(6) any disposition of cash or Cash Equivalents;

(7) any surrender or waiver of contract rights or settlement, including, without limitation, with respect to Hedging Obligations;

(8) like-kind property exchanges under Section 1031 of the Internal Revenue Code;

(9) non-exclusive licenses of intellectual property; and

(10) any sale or disposition of inventory or accounts receivable in the ordinary course of business.

“*Attributable Debt*” in respect of a sale and leaseback transaction means, at the time of determination, the present value of the obligation of the lessee for net rental payments during the remaining term of the lease included in such sale and leaseback transaction, including any period for which such lease has been extended or may, at the option of the lessee, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP.

“*Base Indenture*” has the meaning assigned to it in the preamble to this Supplemental Indenture.

“*Beneficial Owner*” has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular “person” (as such term is used in Section 13(d)(3) of the Exchange Act), such “person”

shall be deemed to have beneficial ownership of all securities that such “person” has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition.

“*Cable Related Business*” means the business of owning cable television systems and businesses ancillary, complementary and related thereto.

“*Capital Lease Obligation*” means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet in accordance with GAAP.

“*Capital Stock Sale Proceeds*” means the aggregate net proceeds (including the fair market value of the non-cash proceeds) received by the Company or its Restricted Subsidiaries after the Issue Date, in each case

(x) as a contribution to the common equity capital or from the issue or sale of Equity Interests (other than Disqualified Stock and other than issuances or sales to a Subsidiary of the Company) of any Parent or the Company from and after the Issue Date, or

(y) from the issue or sale of Disqualified Stock, debt securities or other Indebtedness of the Company that has been converted into or exchanged for such Equity Interests (other than Equity Interests (or Disqualified Stock, debt securities or other Indebtedness) sold to a Subsidiary of the Company).

“*Cash Equivalents*” means:

(1) United States dollars;

(2) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality thereof (*provided* that the full faith and credit of the United States is pledged in support thereof) having maturities of not more than twelve months from the date of acquisition;

(3) certificates of deposit and eurodollar time deposits with maturities of twelve months or less from the date of acquisition, bankers' acceptances with maturities not exceeding six months and overnight bank deposits, in each case, with any domestic commercial bank having combined capital and surplus in excess of \$500 million and a Thomson Bank Watch Rating at the time of acquisition of “B” or better;

(4) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (2) and (3) above entered into with any financial institution meeting the qualifications specified in clause (3) above;

(5) commercial paper having a rating at the time of acquisition of at least “P-1” from Moody's or at least “A-1” from S&P and in each case maturing within twelve months after the date of acquisition;



(6) corporate debt obligations maturing within twelve months after the date of acquisition thereof, rated at the time of acquisition at least “Aaa” or “P-1” by Moody's or “AAA” or “A-1” by S&P;

(7) auction-rate Preferred Stocks of any corporation maturing not later than 90 days after the date of acquisition thereof, rated at the time of acquisition at least “Aaa” by Moody's or “AAA” by S&P;

(8) securities issued by any state, commonwealth or territory of the United States, or by any political subdivision or taxing authority thereof, maturing not later than six months after the date of acquisition thereof, rated at the time of acquisition at least “A” by Moody's or S&P; and

(9) money market or mutual funds at least 90% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (8) of this definition.

“*CCH I*” means CCH I, LLC, a Delaware limited liability company, and any successor Person thereto.

“*CCH II*” means CCH II, LLC, a Delaware limited liability company, and any successor Person thereto.

“*CCO*” means Charter Communications Operating, LLC, a Delaware corporation and any successor Person thereto.

“*CCO Holdings*” means CCO Holdings, LLC, a Delaware limited liability company, and any successor Person

thereto.

“*Change of Control*” means the occurrence of any of the following:

(1) the sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the Company and its Subsidiaries, taken as a whole, or of a Parent and its Subsidiaries, taken as a whole, to any “person” (as such term is used in Section 13(d)(3) of the Exchange Act) other than a Parent, the Company or a Restricted Subsidiary;

(2) the adoption of a plan relating to the liquidation or dissolution of the Company or a Parent (except the liquidation of any Parent into any other Parent);

(3) the consummation of any transaction, including any merger or consolidation, the result of which is that any “person” (as defined above) other than a Parent becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of the Company or a Parent, measured by voting power rather than the number of shares; or

(4) after the Issue Date, the first day on which a majority of the members of the Board of Directors of CCI are not Continuing Directors.

“*Change of Control Triggering Event*” means the occurrence of both a Change of Control and a Ratings Event.

“*Charter Holdings*” means Charter Communications Holdings, LLC, a Delaware limited liability company, and any successor Person thereto.

“*Charter Parent Refinancing Indebtedness*” means any Indebtedness of a Parent issued in exchange for, or the net proceeds of which are used within 90 days after the date of issuance thereof to extend, refinance, renew, replace, defease, purchase, acquire or refund (including successive extensions, refinancings, renewals, replacements, defeasances, purchases, acquisitions or refunds), Indebtedness (including Acquired Debt) incurred by CCH II or any of its Subsidiaries or which refinances such Indebtedness; *provided that*:

(1) the principal amount (or accreted value, if applicable) of such Charter Parent Refinancing Indebtedness does not exceed the principal amount of (or accreted value, if applicable) plus accrued interest and premium, if any, on the Indebtedness so extended, refinanced, renewed, replaced, defeased, purchased, acquired or refunded (plus the amount of reasonable fees, commissions and expenses incurred in connection therewith);

(2) such Charter Parent Refinancing Indebtedness has a final maturity date no earlier than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; and

(3) is classified as such by the Company.

“*Charter Subsidiary Refinancing Indebtedness*” means any Indebtedness of a Parent issued in exchange for, or the net proceeds of which are used within 90 days after the date of issuance thereof to extend, refinance, renew, replace, defease, purchase, acquire or refund (including successive extensions, refinancings, renewals, replacements, defeasances, purchases, acquisitions or refunds), Indebtedness (including Acquired Debt) incurred by the Company or any of its Subsidiaries or which refinances such Indebtedness; *provided that*:

(1) the principal amount (or accreted value, if applicable) of such Charter Subsidiary Refinancing Indebtedness does not exceed the principal amount of (or accreted value, if applicable) plus accrued interest and premium, if any, on the Indebtedness so extended, refinanced, renewed, replaced, defeased, purchased, acquired or refunded (plus the amount of reasonable fees, commissions and expenses incurred in connection therewith); and

(2) such Charter Subsidiary Refinancing Indebtedness has a final maturity date no earlier than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded.

“*Consolidated EBITDA*” means with respect to any Person, for any period, the net income of such Person and its Restricted Subsidiaries for such period plus, to the extent such amount was deducted in calculating such net income:

- (1) Consolidated Interest Expense of such Person and its Restricted Subsidiaries;
- (2) income taxes;
- (3) depreciation expense;
- (4) amortization expense;
- (5) asset impairments or write-downs or write-offs;

(6) all other non-cash items, extraordinary items, non-recurring and unusual items (including any restructuring charges, costs and expenses, charges, costs and expenses related to litigation settlements or judgments and/or charges, costs and expenses related to asset acquisitions and dispositions) and the cumulative effects of changes in accounting principles reducing such net income, less all non-cash items, extraordinary items, non-recurring and unusual items and cumulative effects of changes in accounting principles increasing such net income;

- (7) amounts actually paid during such period pursuant to a deferred compensation plan;
- (8) any premium, penalty or fee paid in relation to any repayment, prepayment or repurchase of Indebtedness;
- (9) all deferred financing costs written off in connection with the early extinguishment of Indebtedness, net of taxes;
- (10) all costs, expenses and fees related to the issuance of the Notes; and
- (11) for purposes of Section 4.10 only, Management Fees;

*provided* that Consolidated EBITDA shall not include:

- (w) the net income (or net loss) of any Person that is not a Restricted Subsidiary (“*Other Person*”), except
  - (i) with respect to net income, to the extent of the amount of dividends or other distributions actually paid to such Person or any of its Restricted Subsidiaries by such *Other Person* during such period; and
  - (ii) with respect to net losses, to the extent of the amount of investments made by such Person or any Restricted Subsidiary of such Person in such *Other Person* during such period;
- (x) solely for the purposes of calculating the amount of Restricted Payments that may be made pursuant to Section 4.07(3) (and in such case, except to the extent includable pursuant to clause (w) above), the net income (or net loss) of any *Other Person*

accrued prior to the date it becomes a Restricted Subsidiary or is merged into or consolidated with such Person or any Restricted Subsidiaries or all or substantially all of the property and assets of such Other Person are acquired by such Person or any of its Restricted Subsidiaries;

(y) solely for purposes of Section 4.07(3), the net income of any Restricted Subsidiary of the Company to the extent that the payment of dividends or similar distributions by such Restricted Subsidiary of such net income is restricted by the operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary, unless (x) such restriction with respect to the payment of dividends or similar distributions has been legally waived or (y) such restriction is permitted by Section 4.09; *provided*, that the net income of such Restricted Subsidiary shall be increased by the amount of dividends or other distributions or payments actually paid in cash (or converted into cash) by any such Restricted Subsidiary to such Person, to the extent not already included therein; and

(z) effects of any fresh start accounting adjustments.

“*Consolidated Indebtedness*” means, with respect to any Person as of any date of determination, the sum, without duplication, of:

(1) the total amount of outstanding Indebtedness and Attributable Debt of such Person and its Restricted Subsidiaries, plus

(2) the total amount of Indebtedness of any other Person that has been Guaranteed by the referent Person or one or more of its Restricted Subsidiaries, plus

(3) the aggregate liquidation value of all Disqualified Stock of such Person and all Preferred Stock of Restricted Subsidiaries of such Person, in each case, determined on a consolidated basis in accordance with GAAP.

“*Consolidated Interest Expense*” means, with respect to any Person for any period, without duplication, the sum of:

(1) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued (including, without limitation, amortization or original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net payments (if any) pursuant to Hedging Obligations);

(2) the consolidated interest expense of such Person and its Restricted Subsidiaries that was capitalized during such period; and

(3) any interest expense on Indebtedness of another Person that is guaranteed by such Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such

Person or one of its Restricted Subsidiaries (whether or not such Guarantee or Lien is called upon); excluding, however, any amount of such interest of any Restricted Subsidiary of the referent Person if the net income of such Restricted Subsidiary is excluded in the calculation of Consolidated EBITDA pursuant to clause (x) of the definition thereof (but only in the same proportion as the net income of such Restricted Subsidiary is excluded from the calculation of Consolidated EBITDA pursuant to clause (x) of the definition thereof),

in each case, on a consolidated basis and in accordance with GAAP.

“*Consolidated Net Tangible Assets*” means, as of any date of determination, the total amount of assets (less applicable reserves and other properly deductible items) of the Company and the Restricted Subsidiaries less the sum of (1) all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other intangibles, and (2) all current liabilities, in each case, reflected on the most recent consolidated balance sheet of the Company and the Restricted Subsidiaries as at the end of the most recent ended fiscal quarter for which financial statements have been delivered pursuant to this Supplemental Indenture, determined on a consolidated basis in accordance with GAAP on a pro forma basis to give effect to any acquisition or disposition of assets made after such balance sheet date and on or prior to the date of determination.

“*Continuing Directors*” means, as of any date of determination, any member of the Board of Directors of the Company or CCI or the board of directors of any other Parent who:

(1) was a member of the Board of Directors of the Company or CCI, or, as applicable, of the board of directors of such other Parent, on the Issue Date; or

(2) was nominated for election or elected to the Board of Directors of the Company or CCI, or, as applicable, of the board of directors of such other Parent, with the approval of a majority of the Continuing Directors who were members of the Board of Directors of the Company or CCI, or, as applicable, of the board of directors of such other Parent, at the time of such nomination or election or whose election or appointment was previously so approved.

“*Contribution Indebtedness*” means Indebtedness or Disqualified Stock of the Company or any Restricted Subsidiary in an aggregate principal amount not greater than the aggregate amount of cash contributions (other than the proceeds from the issuance of Disqualified Stock or any cash contribution by an Issuer or a Restricted Subsidiary) made to the capital of the Company or a Restricted Subsidiary after the Issue Date (whether through the issuance of Capital Stock or otherwise); *provided* that such Contribution Indebtedness is incurred within 180 days after the making of the related cash contribution.

“*Credit Facilities*” means, with respect to the Company and/or its Restricted Subsidiaries, and with respect to any other entity as the context requires, one or more debt facilities (including indentures), in each case with banks, lenders or noteholders (other than a Parent of the Issuers) providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow

from such lenders against such receivables) letters of credit, notes, guarantees, and commercial paper in each case, as amended, restated, modified, renewed, refunded, replaced or refinanced in whole or in part from time to time.

“*Definitive Note*” means a certificated Note registered in the name of the Holder thereof and issued in accordance with Section 2.06, substantially in the form of Exhibit A hereto except that such Note shall not bear the Global Note Legend and shall not have the “Schedule of Exchanges of Interests in the Global Note” attached thereto.

“*Depository*” means, with respect to the Global Notes, the Person specified in Section 2.03 as the Depository with respect to the Notes, and any and all successors thereto appointed as depository hereunder and having become such pursuant to the applicable provision of this Supplemental Indenture.

“*Designated Noncash Consideration*” means the fair market value of noncash consideration received by the Issuers or a Restricted Subsidiary in connection with an Asset Sale that is so designated as Designated Noncash Consideration pursuant to an Officers' Certificate, setting forth the basis of such valuation, less the amount of cash or Cash Equivalents received in connection with a subsequent sale of such Designated Noncash Consideration.

“*Disposition*” means, with respect to any Person, any merger, consolidation or other business combination involving such Person (whether or not such Person is the surviving Person) or the sale, assignment, transfer, lease or conveyance or other disposition of all or substantially all of such Person's assets or Capital Stock.

“*Disqualified Stock*” means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder thereof), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or prior to the date that is 91 days after the earlier of the date on which the Notes mature or the date on which the Notes are no longer outstanding. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the Company to repurchase such Capital Stock upon the occurrence of a Change of Control or an Asset Sale shall not constitute Disqualified Stock if the terms of such Capital Stock provide that the Company may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with Section 4.07.

“*Equity Interests*” means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

“*Equity Offering*” means any private or public issuance of Qualified Capital Stock of the Company or a Parent of which the gross proceeds to the Company or received by the Company as a capital contribution from such Parent (directly or indirectly), as the case may be, are at least \$25.0 million.

“*Exchange Notes*” means Notes, containing terms substantially identical to any Additional Notes (except that (i) such Exchange Notes shall not contain terms with respect to transfer restrictions and shall be registered under the Securities Act and (ii) certain provisions relating to an increase in the stated rate of interest thereon shall be eliminated), that are issued and exchanged for Additional Notes, as may be provided in any Registration Rights Agreement relating to such Additional Notes and this Supplemental Indenture (including any amendment or supplement thereto).

“*Exchange Offer*” means an offer to exchange Additional Notes, if any, for Exchange Notes pursuant to a Registration Rights Agreement.

“*Exchange Offer Registration Statement*” means a registration statement relating to an Exchange Offer as may be provided in a Registration Rights Agreement.

“*Existing Indebtedness*” means Indebtedness of the Company and its Restricted Subsidiaries in existence on the Issue Date, until such amounts are repaid.

“*GAAP*” means generally accepted accounting principles in the United States which are in effect on September 27, 2010. At any time after the Issue Date, the Issuers may elect to apply International Financial Reporting Standards (“IFRS”) accounting principles in lieu of GAAP and, upon any such election, references herein to GAAP shall thereafter be construed to mean IFRS on the date of such election; provided that any such election, once made, shall be irrevocable; provided, further, that any calculation or determination in the Indenture that requires the application of GAAP for periods that include fiscal quarters ended prior to the Issuers' election to apply IFRS shall remain as previously calculated or determined in accordance with GAAP. The Issuers shall give notice of any such election made in accordance with this definition to the Trustee.

“*Global Note Legend*” means the legend set forth in Section 2.06(g)(ii) which is required to be placed on all Global Notes issued under this Supplemental Indenture.

“*Guarantee*” or “*guarantee*” means a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including, without limitation, by way of pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness, measured as the lesser of the aggregate outstanding amount of the Indebtedness so guaranteed and the face amount of the guarantee.

“*Guarantor*” means the Parent Guarantor and any Subsidiary that executes a supplemental indenture and provides a Subsidiary Guarantee in accordance with Section 4.17 hereof.

“*Hedging Obligations*” means, with respect to any Person, the obligations of such Person under:

- (1) interest rate swap agreements, interest rate cap agreements and interest rate collar agreements;

- (2) interest rate option agreements, foreign currency exchange agreements, foreign currency swap agreements; and
- (3) other agreements or arrangements designed to protect such Person against fluctuations in interest and currency exchange rates.

“*Indenture*” means the Base Indenture, as supplemented by this Supplemental Indenture and as further amended or supplemented from time to time with respect to the Notes.

“*Initial Notes*” means the Notes issued on the Issue Date (and any Notes issued in respect thereof pursuant to Section 2.06, 2.07, 2.10, 3.06, 3.09 or 4.16 of this Supplemental Indenture or Section 9.05 of the Base Indenture).

“*Investment Grade Rating*” means a rating equal to or higher than (x) in the case of Moody's, Baa3 (or the equivalent), (y) in the case of S&P, BBB- (or the equivalent) and (z) in the case of any other Rating Agency, the equivalent rating by such Rating Agency to the ratings described in clause (x) and (y).

“*Investments*” means, with respect to any Person, all investments by such Person in other Persons, including Affiliates, in the forms of direct or indirect loans (including guarantees of Indebtedness or other obligations), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business) and purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP.

“*Letter of Transmittal*” means the letter of transmittal to be prepared by the Issuers and sent to all Holders of any Additional Notes for use by such Holders in connection with any Exchange Offer.

“*Leverage Ratio*” means, as to the Company, as of any date, the ratio of:

- (1) the Consolidated Indebtedness for borrowed money (less unrestricted cash and Cash Equivalents) of the Company on such date to
- (2) the aggregate amount of Consolidated EBITDA for the Company for the most recently ended fiscal quarter for which internal financial statements are available multiplied by four (the “*Reference Period*”).

In addition to the foregoing, for purposes of this definition, “Consolidated EBITDA” shall be calculated on a pro forma basis after giving effect to

- (1) the issuance of the Notes;
- (2) the incurrence of the Indebtedness or the issuance of the Disqualified Stock or other Preferred Stock (and the application of the proceeds therefrom) giving rise to the need to make such calculation and any incurrence or issuance (and the application of the proceeds therefrom) or repayment of other Indebtedness, Disqualified Stock or



Preferred Stock, other than the incurrence or repayment of Indebtedness for ordinary working capital purposes, at any time subsequent to the beginning of the Reference Period and on or prior to the date of determination, as if such incurrence (and the application of the proceeds thereof), or the repayment, as the case may be, occurred on the first day of the Reference Period; and

(3) any Dispositions or Asset Acquisitions (including, without limitation, any Asset Acquisition giving rise to the need to make such calculation as a result of such Person or one of its Restricted Subsidiaries (including any person that becomes a Restricted Subsidiary as a result of such Asset Acquisition) incurring, assuming or otherwise becoming liable for or issuing Indebtedness, Disqualified Stock or Preferred Stock) made on or subsequent to the first day of the Reference Period and on or prior to the date of determination, as if such Disposition or Asset Acquisition (including the incurrence, assumption or liability for any such Indebtedness, Disqualified Stock or Preferred Stock and also including any Consolidated EBITDA associated with such Asset Acquisition, including any cost savings adjustments in compliance with Regulation S-X promulgated by the Commission) had occurred on the first day of the Reference Period.

“*Make-Whole Premium*” means, with respect to a Note at any redemption date, the greater of:

- (i) 1.0% of the principal amount of such Note; and
- (ii) the excess of:

(1) the present value at such redemption date of the redemption price of such Note on February 15, 2018 (with such redemption prices being those described in the table under Section 3.07) plus (B) all required remaining scheduled interest payments due on such Note through February 15, 2018, other than accrued interest to such redemption date, computed using a discount rate equal to the Treasury Rate plus 50 basis points per annum discounted on a semi-annual bond equivalent basis, over

- (2) the principal amount of such Note on such redemption date.

“*Management Fees*” means the fees payable to CCI or any other Parent pursuant to the management and mutual services agreements between any Parent of the Company and/or CCO and between any Parent of the Company and other Restricted Subsidiaries of the Company and pursuant to the limited liability company agreements of certain Restricted Subsidiaries as such management, mutual services or limited liability company agreements exist on the Issue Date (or, if later, on the date any new Restricted Subsidiary is acquired or created), including any amendment or replacement thereof, *provided* that any such new agreements or amendments or replacements of existing agreements is not more disadvantageous to Holders in any material respect than such management agreements existing on the Issue Date and *further provided* that such new, amended or replacement management agreements do not provide for percentage fees, taken together with fees under existing agreements, any higher than 3.5% of CCI's consolidated total revenues for the applicable payment period.

“*Moody's*” means Moody's Investors Service, Inc. or any successor to the rating agency business thereof.

“*Net Proceeds*” means the aggregate cash proceeds received by the Company or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of the direct costs relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result thereof or taxes paid or payable as a result thereof (including amounts distributable in respect of owners', partners' or members' tax liabilities resulting from such sale), in each case after taking into account any available tax credits or deductions and any tax sharing arrangements and amounts required to be applied to the repayment of Indebtedness.

“*Non-Recourse Debt*” means Indebtedness:

(1) as to which neither the Company nor any of its Restricted Subsidiaries

(a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness);

(b) is directly or indirectly liable as a guarantor or otherwise; or

(c) constitutes the lender;

(2) no default with respect to which (including any rights that the holders thereof may have to take enforcement action against an Unrestricted Subsidiary) would permit upon notice, lapse of time or both any holder of any other Indebtedness (other than the Notes) of the Company or any of its Restricted Subsidiaries to declare a default on such other Indebtedness or cause the payment thereof to be accelerated or payable prior to its stated maturity; and

(3) as to which the lenders have been notified in writing that they will not have any recourse to the stock or assets of the Company or any of its Restricted Subsidiaries.

“*Note*” or “*Notes*” has the meaning assigned to it in the preamble and includes the Initial Notes, any Additional Notes and any Exchange Notes.

“*Obligations*” means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

“*Other Person*” has the meaning assigned to such term in the definition of “Consolidated EBITDA.”

“*Parent*” means CCH II, CCH I, Charter Holdings, Charter Communications Holding Company, LLC, CCI and/or any direct or indirect Subsidiary of the foregoing 100% of the Capital Stock of which is owned directly or indirectly by one or more of the foregoing Per-

sons, as applicable, and that directly or indirectly beneficially owns 100% of the Capital Stock of the Company, and any successor Person to any of the foregoing. For purposes of the second paragraph of Section 4.07, the term “Parent” shall include any corporate co-obligor if such Parent is a limited liability company or other association not taxed as a corporation.

“Permitted Investments” means:

(1) any Investment in the Company or by the Company in the Company or in a Restricted Subsidiary of the Company, or any Investment by a Restricted Subsidiary of the Company in the Company or in another Restricted Subsidiary of the Company;

(2) any Investment in Cash Equivalents;

(3) any Investment by the Company or any of its Restricted Subsidiaries in a Person, if as a result of such Investment:

(a) such Person becomes a Restricted Subsidiary of the Company; or

(b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or a Restricted Subsidiary of the Company;

(4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with Section 4.11;

(5) any Investment made out of the net cash proceeds of the issue and sale after the Issue Date (other than to a Subsidiary of the Company) of Equity Interests (other than Disqualified Stock) of the Company (or cash contributions to the equity capital of the Company) to the extent that such net cash proceeds have not been applied to make a Restricted Payment or to effect other transactions pursuant to Section 4.07 hereof (with the amount of usage of the basket in this clause (5) being determined net of the aggregate amount of principal, interest, dividends, distributions, repayments, proceeds or other value otherwise returned or recovered in respect of any such Investment, but not to exceed the initial amount of such Investment);

(6) other Investments in any Person (other than any Parent) having an aggregate fair market value, when taken together with all other Investments in any Person made by the Company and its Restricted Subsidiaries (without duplication) pursuant to this clause (6) from and after the Issue Date, not to exceed \$1,100.0 million (initially measured on the date each such Investment was made and without giving effect to subsequent changes in value, but reducing the amount outstanding by the aggregate amount of principal, interest, dividends, distributions, repayments, proceeds or other value otherwise returned or recovered in respect of any such Investment, but not to exceed the initial amount of such Investment) at any one time outstanding;

(7) Investments in customers and suppliers in the ordinary course of business which either (A) generate accounts receivable or (B) are accepted in settlement of bona fide disputes;

- (8) Investments of a Restricted Subsidiary acquired after the Issue Date or of an entity merged into the Company or merged into or consolidated with a Restricted Subsidiary after the Issue Date to the extent that such Investments were not made in contemplation of or in connection with such acquisition, merger or consolidation and were in existence on the date of such acquisition, merger or consolidation;
- (9) any Investment (other than an Investment in a Restricted Subsidiary) existing or pursuant to agreements or arrangements in effect, on the Issue Date and any modification, replacement, renewal or extension thereof; *provided* that the amount of any such Investment may be increased (x) as required by the terms of such Investment as in existence on the Issue Date or (y) as otherwise permitted under this Supplemental Indenture;
- (10) Investments received as a result of a bankruptcy, workout, reorganization or recapitalization of customers or suppliers;
- (11) as a result of a foreclosure by the Company or any Restricted Subsidiary with respect to any secured Investment or other transfer of title with respect to any secured Investment in default;
- (12) any Investment represented by Hedging Obligations not entered into for speculative purposes;
- (13) loans and advances to officers, directors and employees for business-related travel expenses, moving expenses and other expenses, in each case incurred in the ordinary course of business or to finance the purchase of Equity Interests of the Company or any Parent and in an amount not to exceed \$25.0 million at any one time outstanding;
- (14) Investments the payment for which consists of Equity Interests of the Company or any Parent (exclusive of Disqualified Stock of the Company);
- (15) Guarantees of Indebtedness permitted by Section 4.10;
- (16) Investments consisting of purchases and acquisitions of inventory, supplies, material or equipment or the licensing or contribution of intellectual property pursuant to joint marketing arrangements with other Persons, in each case in the ordinary course of business;
- (17) Investments consisting of the non-exclusive licensing or contribution of intellectual property pursuant to joint marketing arrangements with other persons;
- (18) the creation of Liens on the assets of the Company or any of its Restricted Subsidiaries in compliance with Section 4.14;
- (19) Investments consisting of earnest money deposits required in connection with a purchase agreement or other acquisitions to the extent not otherwise prohibited under this Supplemental Indenture; and

(20) without duplication of amounts that otherwise increased the amount available under one or more of the foregoing categories of Permitted Investments, investments made from the proceeds from any dividend or distribution by an Unrestricted Subsidiary to the Company or any of its Restricted Subsidiaries.

“*Permitted Liens*” means:

(1) Liens on the assets of a Restricted Subsidiary of the Company securing Indebtedness and other Obligations under any of the Credit Facilities of such Restricted Subsidiary;

(2) Liens in favor of the Company;

(3) Liens on property of a Person existing at the time such Person is merged with or into or consolidated with the Company; *provided* that such Liens were in existence prior to the contemplation of such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with the Company;

(4) Liens on property existing at the time of acquisition thereof by the Company; *provided* that such Liens were in existence prior to the contemplation of such acquisition;

(5) Liens to secure the performance of statutory obligations, surety or appeal bonds, performance bonds or other obligations of a like nature incurred in the ordinary course of business;

(6) purchase money mortgages or other purchase money Liens (including, without limitation, any Capital Lease Obligations) incurred by the Company upon any fixed or capital assets acquired after the Issue Date or purchase money mortgages (including without limitation Capital Lease Obligations) on any such assets, whether or not assumed, existing at the time of acquisition of such assets, whether or not assumed, so long as

(i) such mortgage or Lien does not extend to or cover any of the assets of the Company, except the asset so developed, constructed, or acquired, and directly related assets such as enhancements and modifications thereto, substitutions, replacements, proceeds (including insurance proceeds), products, rents and profits thereof, and

(ii) such mortgage or Lien secures the obligation to pay all or a portion of the purchase price of such asset, interest thereon and other charges, costs and expenses (including, without limitation, the cost of design, development, construction, acquisition, transportation, installation, improvement, and migration) and is incurred in connection therewith (or the obligation under such Capital Lease Obligation) only;

(7) Liens existing on the Issue Date and replacement Liens therefor that do not encumber additional property;

(8) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded; *provided* that any reserve or other appropriate provision as shall be required in conformity with GAAP shall have been made therefor;

(9) statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, materialmen, repairmen or other similar Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate legal proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;

(10) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security;

(11) Liens incurred or deposits made to secure the performance of tenders, bids, leases, statutory or regulatory obligation, bankers' acceptance, surety and appeal bonds, government contracts, performance and return-of-money bonds and other obligations of a similar nature incurred in the ordinary course of business (exclusive of obligations for the payment of borrowed money);

(12) easements, rights-of-way, municipal and zoning ordinances and similar charges, encumbrances, title defects or other irregularities that do not materially interfere with the ordinary course of business of the Company or any of its Restricted Subsidiaries;

(13) Liens of franchisors or other regulatory bodies arising in the ordinary course of business;

(14) Liens arising from filing Uniform Commercial Code financing statements regarding leases or other Uniform Commercial Code financing statements for precautionary purposes relating to arrangements not constituting Indebtedness;

(15) Liens arising from the rendering of a final judgment or order against the Company or any of its Restricted Subsidiaries that does not give rise to an Event of Default;

(16) Liens securing reimbursement obligations with respect to letters of credit that encumber documents and other property relating to such letters of credit and the products and proceeds thereof;

(17) Liens encumbering customary initial deposits and margin deposits, and other Liens that are within the general parameters customary in the industry and incurred in the ordinary course of business, in each case, securing Indebtedness under Hedging Obligations and forward contracts, options, future contracts, future options or similar agreements or arrangements designed solely to protect the Company or any of its Re-

stricted Subsidiaries from fluctuations in interest rates, currencies or the price of commodities;

(18) Liens consisting of any interest or title of licensor in the property subject to a license;

(19) Liens on the Capital Stock of Unrestricted Subsidiaries;

(20) Liens arising from sales or other transfers of accounts receivable which are past due or otherwise doubtful of collection in the ordinary course of business;

(21) Liens incurred with respect to obligations which in the aggregate do not exceed the greater of (i) \$50.0 million or (ii) 1.0% of Consolidated Net Tangible Assets at any one time outstanding;

(22) Liens in favor of the Trustee arising under the provisions of Section 7.07 of this Supplemental Indenture and similar provisions in favor of trustees or other agents or representatives under indentures or other agreements governing debt instruments entered into after the date hereof;

(23) Liens in favor of the Trustee for its benefit and the benefit of Holders as their respective interests appear; and

(24) Liens securing Permitted Refinancing Indebtedness, to the extent that the Indebtedness being refinanced was secured or was permitted to be secured by such Liens.

“*Permitted Refinancing Indebtedness*” means any Indebtedness of the Company or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used, within 60 days after the date of issuance thereof, to extend, refinance, renew, replace, defease or refund, other Indebtedness of the Company or any of its Restricted Subsidiaries (other than intercompany Indebtedness); *provided* that unless permitted otherwise by this Supplemental Indenture, no Indebtedness of any Restricted Subsidiary (other than for the avoidance of doubt a corporate co-issuer whose primary purpose is to act as a co-issuer) may be issued in exchange for, nor may the net proceeds of Indebtedness be used to extend, refinance, renew, replace, defease or refund, Indebtedness of the direct or indirect parent of such Restricted Subsidiary; *provided, further*, that:

(1) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount of (or accreted value, if applicable), plus accrued interest and premium, if any, on the Indebtedness so extended, refinanced, renewed, replaced, defeased or refunded (plus the amount of reasonable expenses incurred in connection therewith), except to the extent that any such excess principal amount (or accreted value, as applicable) would be then permitted to be incurred by other provisions of Section 4.10;

(2) such Permitted Refinancing Indebtedness has a final maturity date no earlier than the final maturity date of, and has a Weighted Average Life to Maturity equal to

or greater than the Weighted Average Life to Maturity of, the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; and

(3) if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is subordinated in right of payment to the Notes, such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and is subordinated in right of payment to, the Notes on terms at least as favorable to Holders as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded.

“*Preferred Stock*” as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which, by its terms, is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

“*Private Placement Legend*” means the legend set forth in Section 2.06(g)(i)(a) to be placed on all Additional Notes issued under this Supplemental Indenture except where otherwise permitted by the provisions of this Supplemental Indenture.

“*Productive Assets*” means assets (including assets of a referent Person owned directly or indirectly through ownership of Capital Stock) of a kind used or useful in the Cable Related Business.

“*Prospectus*” means that certain preliminary prospectus supplement, dated December 12, 2012, as supplemented by the free writing prospectus, dated December 12, 2012.

“*Qualified Capital Stock*” means any Capital Stock that is not Disqualified Stock.

“*Rating Agencies*” means (i) each of Moody's and S&P and (ii) if either of Moody's or S&P ceases to rate the Notes or fails to make a rating of the Notes publicly available for reasons outside the Company's control, a “nationally recognized statistical rating organization” within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act, as amended, selected by the Company (as certified by a resolution of the Company's Board of Directors) as a replacement agency for Moody's or S&P, or both, as the case may be.

“*Ratings Decline Period*” means the period that (i) begins on the earlier of (a) the date of the first public announcement of the occurrence of a Change of Control and (b) the occurrence of a Change of Control and (ii) ends 90 days following consummation of such Change of Control; *provided* that such period shall be extended for so long as the rating of the Notes, as noted by the applicable Rating Agency, is under publicly announced consideration for downgrade by the applicable Rating Agency.

“*Ratings Event*” means (x) a downgrade by one or more gradations (including gradations within ratings categories as well as between rating categories) or withdrawal of the rating of the Notes within the Ratings Decline Period by one or more Rating Agencies (unless the applicable Rating Agency shall have put forth a written statement to the effect that such



downgrade is not attributable in whole or in part to the applicable Change of Control) and (y) the Notes do not have an Investment Grade Rating from either Rating Agency.

“*Reference Period*” has the meaning assigned to such term in the definition of “Leverage Ratio.”

“*Register*” means a register in which, subject to such reasonable regulations as it may prescribe, the Issuers shall provide for the registration of the Notes and of transfers and exchanges of such Notes which the Issuers shall cause to be kept at the appropriate office of the Registrar in accordance with Section 2.03.

“*Registration Rights Agreement*” means any registration rights agreement among the Issuers and the initial purchasers named therein with respect to any Additional Notes.

“*Regulation S Global Note*” means a Global Note substantially in the form of Exhibit A hereto bearing the Global Note Legend, the Private Placement Legend and the Regulation S Legend deposited with or on behalf of, and registered in the name of, the Depository or its nominee that will be issued in an initial denomination equal to the outstanding principal amount of any Additional Notes initially sold in reliance on Rule 903 of Regulation S.

“*Regulation S Legend*” means the legend set forth in Section 2.06(g)(iii) which is required to be placed on all Regulation S Global Notes issued under this Supplemental Indenture.

“*Restricted Investment*” means an Investment other than a Permitted Investment.

“*Rule 144A Global Note*” means a Global Note substantially in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of, and registered in the name of, the Depository or its nominee that will be issued in an initial denomination equal to the outstanding principal amount of any Additional Notes initially sold in reliance on Rule 144A.

“*S&P*” means Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc., or any successor to the rating agency business thereof.

“*Shelf Registration Statement*” means a “shelf” registration statement providing for the registration and the sale on a continuous or delayed basis of any Additional Notes as may be provided in any Registration Rights Agreement.

“*Special Interest*” means special or additional interest in respect of the Notes that is payable by the Issuers as liquidated damages upon specified registration defaults pursuant to any Registration Rights Agreement.

“*Supplemental Indenture*” has the meaning assigned to it in the preamble to this Supplemental Indenture.

“*Total Assets*” means the total assets of the Issuers and their Restricted Subsidiaries on a consolidated basis, as shown on the most recent balance sheet of the Issuers.

“*Treasury Rate*” means, for any date, the yield to maturity at the time of computation of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15(519) that has become publicly available at least two Business Days prior to the applicable redemption date (or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the applicable redemption date to February 15, 2018; *provided, however*, that if the period from the applicable redemption date is not equal to the constant maturity of a United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given except that if the period from the applicable redemption date to February 15, 2018 is less than one year, the weekly average yield on actually traded United States Treasury Securities adjusted to a constant maturity of one year shall be used.

“*Unrestricted Global Note*” means a permanent Global Note substantially in the form of Exhibit A attached hereto that bears the Global Note Legend and that has the “Schedule of Exchanges of Interests in the Global Note” attached thereto, and that is deposited with or on behalf of and registered in the name of the Depositary, representing the Initial Notes or any Additional Notes that do not bear the Private Placement Legend.

“*Unrestricted Subsidiary*” means any Subsidiary of the Company that is designated by the Board of Directors of the Company or CCI as an Unrestricted Subsidiary pursuant to a board resolution, but only to the extent that such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt;

(2) is not party to any agreement, contract, arrangement or understanding with the Company or any Restricted Subsidiary thereof unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Company or any Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company unless such terms constitute Investments permitted under Section 4.08 and Permitted Investments or Asset Sales permitted under Section 4.11; and

(3) does not own any Capital Stock of any Restricted Subsidiary of the Company.

Any designation of a Subsidiary of the Company as an Unrestricted Subsidiary shall be evidenced to the Trustee by filing with the Trustee a certified copy of the board resolution giving effect to such designation and an Officers' Certificate certifying that such designation complied with the preceding conditions and was permitted by Section 4.08. If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it shall thereafter cease to be an Unrestricted Subsidiary for purposes of this Indenture and any Indebtedness of such Subsidiary shall be deemed to be incurred by a Restricted Subsidiary of the Company as of such date and, if such Indebtedness is not permitted to be incurred as of such date under Section 4.10, the Company shall be in default of such covenant. The Board of Directors of the Company or CCI may at any time designate any Unrestricted Subsidiary to be a Re-

stricted Subsidiary; *provided* that such designation shall be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation shall only be permitted if:

(1) such Indebtedness is permitted under Section 4.10 calculated on a pro forma basis as if such designation had occurred at the beginning of the applicable reference period; and

(2) no Default or Event of Default would be in existence immediately following such designation.

“*Voting Stock*” of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the board of directors or comparable governing body of such Person.

“*Weighted Average Life to Maturity*” means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amount of such Indebtedness.

“*Wholly Owned Restricted Subsidiary*” of any Person means a Restricted Subsidiary of such Person all of the outstanding common equity interests or other ownership interests of which (other than directors' qualifying shares) shall at the time be owned by such Person and/or by one or more Wholly Owned Restricted Subsidiaries of such Person.

#### Section 1.02 Other Definitions.

<u>Term</u>	<u>Defined in Section</u>
“Affiliate Transaction”	4.13
“Asset Sale Offer”	3.09
“Authentication Order”	2.02
“Change of Control Offer”	4.16
“Change of Control Payment”	4.16
“Change of Control Payment Date”	4.16
“Covenant Defeasance”	8.03
“DTC”	2.03
"Excess Proceeds"	4.11
"Guaranteed Indebtedness"	4.17
"incur"	4.10
"Legal Defeasance"	8.02
"Offer amount"	3.09

“Offer Period”	3.09
“Paying Agent”	2.03
“Permitted Debt”	4.10
“Purchase Date”	3.09
“Registrar”	2.03
“Restricted Payments”	4.07
“Subsidiary Guarantee”	4.17
“Suspended Covenants”	4.19

## ARTICLE 2

### THE NOTES

With respect to the Notes only, Article 2 of the Base Indenture is hereby replaced with the following:

Section 2.01 *Form and Dating. General.* The Notes and the Trustee's certificate of authentication shall be substantially in the form of Exhibit A hereto. The Notes may have notations, legends or endorsements required by law, stock exchange rule or usage or this Supplemental Indenture. Each Note shall be dated the date of its authentication. The Notes shall be in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

The terms and provisions contained in the Notes shall constitute, and are hereby expressly made, a part of this Supplemental Indenture and the Issuers, the Guarantor and the Trustee, by their execution and delivery of this Supplemental Indenture, expressly agree to such terms and provisions and to be bound thereby. However, to the extent any provision of any Note conflicts with the express provisions of this Supplemental Indenture, the provisions of this Supplemental Indenture shall govern and be controlling.

(b) *Global Notes.* Notes issued in global form shall be substantially in the form of Exhibit A (including the Global Note Legend thereon and the “Schedule of Exchanges of Interests in the Global Note” attached thereto). Notes issued in definitive form shall be substantially in the form of Exhibit A (without the Global Note Legend thereon and without the “Schedule of Exchanges of Interests in the Global Note” attached thereto). Each Global Note shall represent such outstanding Notes as shall be specified therein and each shall provide that it shall represent the aggregate principal amount of outstanding Notes from time to time endorsed thereon and that the aggregate principal amount of outstanding Notes represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions. Any endorsement of a Global Note to reflect the amount of any increase or decrease in the aggregate principal amount of outstanding Notes represented thereby shall be made by the Trustee or the custodian, at the direction of the Trustee, in accordance with instructions given by the Holder thereof as required by Section 2.06.

(c) *Form of Initial Notes, Etc.* All Initial Notes issued on the Issue Date are to be initially represented by one or more Unrestricted Global Notes.

(d) *Euroclear and Clearstream Procedures Applicable*. The provisions of the “Operating Procedures of the Euroclear System” and “Terms and Conditions Governing Use of Euroclear” and the “General Terms and Conditions of Clearstream” and “Customer Handbook” of Clearstream (or, in each case, equivalent documents setting forth the procedures of Euroclear and Clearstream) shall be applicable to transfers of beneficial interests in Regulation S Global Notes that are held by Participants through Euroclear or Clearstream.

Section 2.02 Execution and Authentication. Two Officers shall sign the Notes for each Issuer by manual or facsimile signature.

If an Officer whose signature is on a Note no longer holds that office at the time a Note is authenticated, the Note shall nevertheless be valid.

A Note shall not be valid until authenticated by the manual signature (which may be by facsimile) of the Trustee. The signature shall be conclusive evidence that the Note has been authenticated under this Supplemental Indenture.

At any time and from time to time after the execution and delivery of this Supplemental Indenture, the Issuers may deliver Notes executed by the Issuers to the Trustee for authentication; and the Trustee shall authenticate and deliver (i) Initial Notes for original issue in the aggregate principal amount of \$1,000,000,000, (ii) Additional Notes from time to time for original issue in aggregate principal amount specified by the Issuers and (iii) Exchange Notes from time to time for issue in exchange for a like principal amount of Additional Notes, in each case specified in clauses (i) through (iii) above, upon a written order of the Issuers signed by an Officer of each of the Issuers (an “*Authentication Order*”). Such Authentication Order shall specify the amount of Notes to be authenticated and the date on which the Notes are to be authenticated, whether such Notes are to be Initial Notes, Additional Notes or Exchange Notes and whether the Notes are to be issued as one or more Global Notes and such other information as the Issuers may include or the Trustee may reasonably request. The aggregate principal amount of Notes which may be authenticated and delivered under this Supplemental Indenture is unlimited.

On the Issue Date, the Issuers will issue Initial Notes in \$1,000,000,000 aggregate principal amount in the form of one or more Unrestricted Global Notes. Any Additional Notes offered and sold in reliance on the exemption from registration under the Securities Act provided by Section 4(2) thereunder or Rule 144A shall be issued as one or more Rule 144A Global Notes. Any Additional Notes offered and sold in offshore transactions in reliance on Regulation S shall be issued as one or more Regulation S Global Notes.

The Trustee may appoint an authenticating agent acceptable to the Issuers to authenticate Notes. An authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Supplemental Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with Holders or an Affiliate of the Issuers.

Section 2.03 Registrar and Paying Agent. The Issuers shall maintain an office or agency in the Borough of Manhattan, the City of New York, where Notes may be presented for registration of transfer or for exchange (“*Registrar*”) and an office or agency where Notes may be presented for payment (“*Paying Agent*”). Until otherwise designated by the Issuers, the Issuers' office or agency in New York shall be the office of the Trustee maintained for such purpose. The Registrar shall keep the Register of the Notes and of their transfer and exchange. The Issuers may appoint one or more co-registrars and one or more additional paying agents. The term “*Registrar*” includes any co-registrar and the term “*Paying Agent*” includes any additional paying agent. The Issuers may change any Paying Agent or Registrar without notice to any Holder. The Registrar or Paying Agent may resign at any time upon not less than 10 Business Days' prior written notice to the Issuers. The Issuers shall enter into an appropriate agency agreement with any Agent not a party to this Supplemental Indenture, which shall incorporate any applicable terms of the TIA. The Issuers shall notify the Trustee in writing of the name and address of any Agent not a party to this Supplemental Indenture. The Company or any of its Subsidiaries may act as Paying Agent or Registrar.

The Issuers initially appoint The Depository Trust Company (“*DTC*”) to act as Depository with respect to the Global Notes.

The Issuers initially appoint the Trustee to act as the Registrar and Paying Agent and to act as custodian with respect to the Global Notes.

Section 2.04 Paying Agent to Hold Money in Trust. Principal of, premium, if any, and interest on the Notes will be payable at the office of the Paying Agent or, at the option of the Issuers, payment of interest may be made by check mailed to Holders at their respective addresses set forth in the Register; *provided*, all payments of principal, premium, if any, and interest with respect to the Notes represented by one or more Global Notes registered in the name or held by the Depository shall be made by wire transfer of immediately available funds to accounts specified by the Holder prior to 10:00 a.m., New York time, on each due date of the principal and interest on any Note. The Issuers shall require each Paying Agent other than the Trustee to agree in writing that the Paying Agent shall hold in trust for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of principal, premium, if any, or interest on the Notes, and shall notify the Trustee of any default by the Issuers in making any such payment. While any such default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee. The Issuers at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than the Company or a Subsidiary) shall have no further liability for the money. If the Company or a Subsidiary acts as Paying Agent, it shall segregate and hold in a separate trust fund for the benefit of Holders all money held by it as Paying Agent. Upon any bankruptcy or reorganization proceedings relating to the Issuers, the Trustee shall serve as Paying Agent for the Notes.

Section 2.05 Holder Lists. The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of all Holders and shall otherwise comply with TIA § 312(a). If the Trustee is not the Registrar, the Issuers shall furnish to the Trustee at least seven Business Days before each interest payment date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Holders, and the Issuers shall otherwise comply with TIA § 312(a).

Section 2.06 Transfer and Exchange.

(a) *Transfer and Exchange of Global Notes.* A Global Note may not be transferred as a whole except by the Depository to a nominee of the Depository, by a nominee of the Depository to the Depository or to another nominee of the Depository, or by the Depository or any such nominee to a successor Depository or a nominee of such successor Depository. All Global Notes shall be exchanged by the Issuers for Definitive Notes if:

- (i) the Issuers deliver to the Trustee notice from the Depository that it is unwilling or unable to continue to act as Depository or that it is no longer a clearing agency registered under the Exchange Act and, in either case, a successor Depository is not appointed by the Issuers within 120 days after the date of such notice from the Depository;
- (ii) the Issuers in their sole discretion determine that the Global Notes (in whole but not in part) should be exchanged for Definitive Notes and deliver a written notice to such effect to the Trustee; or
- (iii) there shall have occurred and be continuing a Default or Event of Default with respect to the Notes.

Upon the occurrence of any of the preceding events in (i), (ii) or (iii) above, Definitive Notes shall be issued in such names as the Depositary shall instruct the Trustee. Global Notes also may be exchanged or replaced, in whole or in part, as provided in Sections 2.07 and 2.10. Every Note authenticated and delivered in exchange for, or in lieu of, a Global Note or any portion thereof, pursuant to this Section 2.06 or Section 2.07 or 2.10, shall be authenticated and delivered in the form of, and shall be, a Global Note. A Global Note may not be exchanged for another Note other than as provided in this Section 2.06(a); however, beneficial interests in a Global Note may be transferred and exchanged as provided in Section 2.06(b), (c) or (f).

(b) *Transfer and Exchange of Beneficial Interests in the Global Notes.* The transfer and exchange of beneficial interests in the Global Notes shall be effected through the Depositary, in accordance with the provisions of this Supplemental Indenture and the Applicable Procedures. Beneficial interests in Restricted Global Notes shall be subject to restrictions on transfer comparable to those set forth herein to the extent required by the Securities Act. Prior to the expiration of the 40-day distribution compliance period set forth in Regulation S, beneficial interests in any Regulation S Global Notes may be held only through Euroclear or Clearstream unless transferred in accordance with Section 2.06(b)(iii)(A). Transfers of beneficial interests in the Global Notes also shall require compliance with either subparagraph (i) or (ii) below, as applicable, as well as one or more of the other following subparagraphs, as applicable:

(i) *Transfer of Beneficial Interests in the Same Global Note.* Beneficial interests in any Restricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Restricted Global Note in accordance with the transfer restrictions set forth in the Private Placement Legend. Beneficial interests in any Unrestricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note. No written orders or instructions shall be required to be delivered to the Registrar to effect the transfers described in this Section 2.06(b)(i).

(ii) *All Other Transfers and Exchanges of Beneficial Interests in Global Notes.* In connection with all transfers and exchanges of beneficial interests that are not subject to Section 2.06(b)(i) above, the transferor of such beneficial interest must deliver to the Registrar either:

(A) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to credit or cause to be credited a beneficial interest in another Global Note in an amount equal to the beneficial interest to be transferred or exchanged; and

(B) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase; or

(C) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the De-



positary to cause to be issued a Definitive Note in an amount equal to the beneficial interest to be transferred or exchanged; and

(D) instructions given by the Depositary to the Registrar containing information regarding the Person in whose name such Definitive Note shall be registered to effect the transfer or exchange referred to in (A) above.

Upon consummation of an Exchange Offer by the Issuers in accordance with Section 2.06(f), the requirements of this Section 2.06(b)(ii) shall be deemed to have been satisfied upon receipt by the Registrar of the instructions contained in the Letter of Transmittal delivered by the Holder of such beneficial interests in the Restricted Global Notes. Upon satisfaction of all of the requirements for transfer or exchange of beneficial interests in Global Notes contained in this Supplemental Indenture and the Notes or otherwise applicable under the Securities Act, the Trustee shall adjust the principal amount of the relevant Global Note(s) pursuant to Section 2.06(h).

(iii) *Transfer of Beneficial Interests to Another Restricted Global Note.* A beneficial interest in any Restricted Global Note may be transferred to a Person who takes delivery thereof in the form of a beneficial interest in another Restricted Global Note if the transfer complies with the requirements of Section 2.06(b)(ii) above and the Registrar receives the following:

(A) if the transferee will take delivery in the form of a beneficial interest in the Rule 144A Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof; and

(B) if the transferee will take delivery in the form of a beneficial interest in the Regulation S Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof.

(iv) *Transfer and Exchange of Beneficial Interests in a Restricted Global Note for Beneficial Interests in an Unrestricted Global Note.* A beneficial interest in any Restricted Global Note may be exchanged by any Holder thereof for a beneficial interest in an Unrestricted Global Note or transferred to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note if the exchange or transfer complies with the requirements of Section 2.06(b)(ii) above and:

(A) such exchange or transfer is effected pursuant to an Exchange Offer in accordance with a Registration Rights Agreement and the Holder of the beneficial interest to be transferred, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal that it is not (1) a broker-dealer, (2) a Person participating in the distribution of the relevant Exchange Notes or (3) a Person who is an affiliate (as defined in Rule 144) of the Issuers;

(B) such transfer is effected pursuant to a Shelf Registration Statement in accordance with a Registration Rights Agreement;

(C) such transfer is effected by a broker-dealer pursuant to the Exchange Offer Registration Statement in accordance with a Registration Rights Agreement; or

(D) such exchange or transfer is effected after the expiration of the 40-day distribution compliance period set forth in Regulation S and the Registrar receives the following:

(1) if the Holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a beneficial interest in an Unrestricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(i) thereof; or

(2) if the Holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (D), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

If any such transfer is effected pursuant to subparagraph (B) or (D) above at a time when an Unrestricted Global Note has not yet been issued, the Issuers shall issue and, upon receipt of an Authentication Order in accordance with Section 2.02, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the aggregate principal amount of beneficial interests transferred pursuant to subparagraph (B) or (D) above.

Beneficial interests in an Unrestricted Global Note cannot be exchanged for, or transferred to Persons who take delivery thereof in the form of, a beneficial interest in a Restricted Global Note.

(c) *Transfer or Exchange of Beneficial Interests for Definitive Notes.*

(i) *Beneficial Interests in Restricted Global Notes to Restricted Definitive Notes.* If any Holder of a beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Restricted Definitive Note, then, upon receipt by the Registrar of the following documentation:

(A) if the Holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (2)(i) thereof (*provided* that any such beneficial interest in Regula-

tion S Global Note shall not be so exchangeable until after the expiration of the 40-day distribution compliance period set forth in Regulation S);

(B) if such beneficial interest is being transferred to a QIB in accordance with Rule 144A under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such beneficial interest is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904 under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof;

(D) if such beneficial interest is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144 under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(i) thereof;

(E) if such beneficial interest is being transferred to an Institutional Accredited Investor in reliance on an exemption from the registration requirements of the Securities Act other than those listed in subparagraphs (B) through (D) above, a certificate to the effect set forth in Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3)(iv) thereof, if applicable;

(F) if such beneficial interest is being transferred to the Issuers or any of their Subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(ii) thereof; or

(G) if such beneficial interest is being transferred pursuant to an effective registration statement under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(iii) thereof,

the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(h), and the Issuers shall execute and the Trustee shall authenticate and deliver to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c) shall be registered in such name or names and in such authorized denomination or denominations as the Holder of such beneficial interest shall instruct the Registrar through instructions from the Depositary and the Participant or Indirect Participant. The Trustee shall deliver such Definitive Notes to the Persons in whose names such Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c)(i) shall bear the Private Placement Legend and shall be subject to all restrictions on transfer contained therein.

(ii) *Beneficial Interests in Restricted Global Notes to Unrestricted Definitive Notes.* A Holder of a beneficial interest in a Restricted Global Note may exchange such beneficial interest for an Unrestricted Definitive Note or may transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note only if:

(A) such exchange or transfer is effected pursuant to an Exchange Offer in accordance with a Registration Rights Agreement and the Holder of such beneficial interest, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal that it is not (1) a broker-dealer, (2) a Person participating in the distribution of the relevant Exchange Notes or (3) a Person who is an affiliate (as defined in Rule 144) of the Issuers;

(B) such transfer is effected pursuant to a Shelf Registration Statement in accordance with a Registration Rights Agreement;

(C) such transfer is effected by a broker-dealer pursuant to the Exchange Offer Registration Statement in accordance with a Registration Rights Agreement; or

(D) such exchange or transfer is effected after the expiration of the 40-day distribution compliance period set forth in Regulation S and the Registrar receives the following:

(1) if the Holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Definitive Note that does not bear the Private Placement Legend, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(ii) thereof; or

(2) if the Holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a Definitive Note that does not bear the Private Placement Legend, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (D), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(iii) *Beneficial Interests in Unrestricted Global Notes to Unrestricted Definitive Notes.* If any Holder of a beneficial interest in an Unrestricted Global Note proposes to exchange such beneficial interest for a Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Definitive Note, then, upon satisfaction of the conditions set forth in Section 2.06(b)(ii), the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(h), and the Issuers shall execute and the Trustee shall authenticate and deliver to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(iii) shall be registered in such name or names and in such authorized denomination or denominations as the Holder of such beneficial interest shall instruct the Registrar through instructions from the Depositary and the Participant or Indirect Participant. The Trustee shall deliver such Definitive Notes to the Persons

in whose names such Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(iii) shall not bear the Private Placement Legend.

(d) *Transfer and Exchange of Definitive Notes for Beneficial Interests in Global Notes.*

(i) *Restricted Definitive Notes to Beneficial Interests in Restricted Global Notes.* If any Holder of a Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note or to transfer such Restricted Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in a Restricted Global Note, then, upon receipt by the Registrar of the following documentation:

(A) if the Holder of such Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (2)(ii) thereof;

(B) if such Restricted Definitive Note is being transferred to a QIB in accordance with Rule 144A under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such Restricted Definitive Note is being transferred to a Non- U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904 under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof;

(D) if such Restricted Definitive Note is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144 under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(i) thereof;

(E) if such Restricted Definitive Note is being transferred to an Institutional Accredited Investor in reliance on an exemption from the registration requirements of the Securities Act other than those listed in subparagraphs (B) through (D) above, a certificate to the effect set forth in Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable;

(F) if such Restricted Definitive Note is being transferred to the Company or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(ii) thereof; or

(G) if such Restricted Definitive Note is being transferred pursuant to an effective registration statement under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(iii) thereof,

the Trustee shall cancel the Restricted Definitive Note, increase or cause to be increased the aggregate principal amount of, in the case of subparagraph (A) above, the appropriate Restricted Global Note, in the case of subparagraph (B) above, the Rule 144A Global Note or, in the case of subparagraph (C) above, the Regulation S Global Note.

(ii) *Restricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes.* A Holder of a Restricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Restricted Definitive Note to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note only if:

(A) such exchange or transfer is effected pursuant to an Exchange Offer in accordance with a Registration Rights Agreement and the Holder, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal that it is not (1) a broker-dealer, (2) a Person participating in the distribution of the relevant Exchange Notes or (3) a Person who is an affiliate (as defined in Rule 144) of the Issuers;

(B) such transfer is effected pursuant to a Shelf Registration Statement in accordance with a Registration Rights Agreement;

(C) such transfer is effected by a broker-dealer pursuant to the Exchange Offer Registration Statement in accordance with a Registration Rights Agreement; or

(D) such exchange or transfer is effected after the expiration of the 40-day distribution compliance period set forth in Regulation S and the Registrar receives the following:

(1) if the Holder of such Definitive Notes proposes to exchange such Notes for a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(iii) thereof; or

(2) if the Holder of such Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (D), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

Upon satisfaction of the conditions of any of the subparagraphs in this Section 2.06(d)(ii), the Trustee shall cancel the Definitive Notes and increase or cause to be increased the aggregate principal amount of the Unrestricted Global Note.

(iii) *Unrestricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes.* A Holder of an Unrestricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note at any time. Upon receipt of a request for such an exchange or transfer, the Trustee shall cancel the applicable Unrestricted Definitive Note and increase or cause to be increased the aggregate principal amount of one of the Unrestricted Global Notes.

If any such exchange or transfer from a Definitive Note to a beneficial interest is effected pursuant to subparagraph (ii)(B), (ii)(D) or (iii) above at a time when an Unrestricted Global Note has not yet been issued, the Issuers shall issue and, upon receipt of an Authentication Order in accordance with Section 2.02, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the principal amount of Definitive Notes so transferred.

(e) *Transfer and Exchange of Definitive Notes for Definitive Notes.* Upon request by a Holder of Definitive Notes and such Holder's compliance with the provisions of this Section 2.06(e), the Registrar shall register the transfer or exchange of Definitive Notes. Prior to such registration of transfer or exchange, the requesting Holder shall present or surrender to the Registrar the Definitive Notes duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar duly executed by such Holder or by its attorney, duly authorized in writing. In addition, the requesting Holder shall provide any additional certifications, documents and information, as applicable, required pursuant to the following provisions of this Section 2.06(e):

(i) *Restricted Definitive Notes to Restricted Definitive Notes.* Any Restricted Definitive Note may be transferred to and registered in the name of Persons who take delivery thereof in the form of a Restricted Definitive Note if the Registrar receives the following:

(A) if the transfer will be made pursuant to Rule 144A under the Securities Act, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(B) if the transfer will be made pursuant to Rule 903 or Rule 904, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof; and

(C) if the transfer will be made pursuant to any other exemption from the registration requirements of the Securities Act, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable.

(ii) *Restricted Definitive Notes to Unrestricted Definitive Notes.* Any Restricted Definitive Note may be exchanged by the Holder thereof for an Unrestricted Definitive Note or transferred to a Person or Persons who take delivery thereof in the form of an Unrestricted Definitive Note if:

(A) such exchange or transfer is effected pursuant to an Exchange Offer in accordance with a Registration Rights Agreement and the Holder, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal that it is not (1) a broker-dealer, (2) a Person participating in the distribution of the relevant Exchange Notes or (3) a Person who is an affiliate (as defined in Rule 144) of the Issuers;

(B) any such transfer is effected pursuant to a Shelf Registration Statement in accordance with a Registration Rights Agreement;

(C) any such transfer is effected by a broker-dealer pursuant to an Exchange Offer Registration Statement in accordance with a Registration Rights Agreement; or

(D) such exchange or transfer is effected after the expiration of the 40-day distribution compliance period set forth in Regulation S and the Registrar receives the following:

(1) if the Holder of such Restricted Definitive Notes proposes to exchange such Notes for an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(d) thereof; or

(2) if the Holder of such Restricted Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (D), if the Registrar so requests, an Opinion of Counsel in form reasonably acceptable to the Issuers to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(iii) *Unrestricted Definitive Notes to Unrestricted Definitive Notes.* A Holder of Unrestricted Definitive Notes may transfer such Notes to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note. Upon receipt of a request to register such a transfer, the Registrar shall register the Unrestricted Definitive Notes pursuant to the instructions from the Holder thereof.

(f) *Exchange Offer.* Upon the occurrence of an Exchange Offer in accordance with a Registration Rights Agreement, the Issuers shall issue and, upon receipt of an Authentication Order in accordance with Section 2.02, the Trustee shall authenticate (i) one or more Unrestricted Global Notes in an aggregate principal amount equal to the principal amount of the beneficial interests in the Restricted Global Notes tendered for acceptance by Persons that certify in the applicable Letters of Transmittal that (x) they are not broker-dealers, (y) they are not participating in a distribution of the relevant Exchange Notes and (z) they are not affiliates (as defined in Rule 144) of the Issuers, and accepted for exchange in the relevant Exchange Offer and (ii) Definitive Notes in an aggregate principal amount equal to the principal amount of the Restricted Definitive



Notes accepted for exchange in the relevant Exchange Offer. Concurrently with the issuance of such Notes, the Trustee shall cause the aggregate principal amount of the applicable Restricted Global Notes to be reduced accordingly, and the Issuers shall execute and the Trustee shall authenticate and deliver to the Persons designated by the Holders of Definitive Notes so accepted Definitive Notes in the appropriate principal amount.

(g) *Legends.* The following legends shall appear on the face of all Global Notes and Definitive Notes issued under this Supplemental Indenture unless specifically stated otherwise in the applicable provisions of this Supplemental Indenture:

(i) Private Placement Legend.

(A) Except as permitted by subparagraph (B) below, each Restricted Global Note and each Definitive Note (and all Notes issued in exchange therefor or substitution thereof) shall bear the legend in substantially the following form:

THE NOTE (OR ITS PREDECESSOR) EVIDENCED HEREBY WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER SECTION 5 OF THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THE NOTE EVIDENCED HEREBY MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THE NOTES EVIDENCED HEREBY IS HEREBY NOTIFIED THAT THE SELLER MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER. THE HOLDER OF THE NOTES EVIDENCED HEREBY AGREES FOR THE BENEFIT OF THE ISSUERS THAT (A) SUCH SECURITY MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (I) (A) TO A PERSON WHO IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (B) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144 UNDER THE SECURITIES ACT, (C) OUTSIDE THE UNITED STATES TO A NON-U.S. PERSON IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 904 UNDER THE SECURITIES ACT, OR (D) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL IF THE ISSUERS SO REQUEST), (II) TO THE ISSUERS, OR (III) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT AND, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER FROM IT OF THE NOTES EVIDENCED HEREBY OF THE RESALE RESTRICTIONS SET FORTH IN CLAUSE (A) ABOVE. NO REPRESENTATION CAN BE MADE

AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR RESALE OF THE NOTE EVIDENCED HEREBY.

(B) Notwithstanding the foregoing, any Initial Note and any Global Note or Definitive Note issued pursuant to subparagraph (b)(iv), (c)(ii), (c)(iii), (d)(ii), (d)(iii), (e)(ii), (e)(iii) or (f) of this Section 2.06 (and all Notes issued in exchange therefor or substitution thereof) shall not bear the Private Placement Legend.

(ii) *Global Note Legend.* Each Global Note shall bear a legend in substantially the following form:

THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE SUPPLEMENTAL INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (1) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06 OF THE SUPPLEMENTAL INDENTURE, (2) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(a) OF THE SUPPLEMENTAL INDENTURE, (3) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE SUPPLEMENTAL INDENTURE AND (4) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE ISSUERS. UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) (“DTC”), TO THE ISSUERS OR THEIR AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

(iii) *Regulation S Legend.* Each Regulation S Global Note should bear a legend in substantially the following form:

THIS NOTE (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION ORIGINALLY EXEMPT FROM REGISTRATION UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE TRANSFERRED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON EXCEPT PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ALL APPLICABLE STATE SECURITIES LAWS. TERMS USED ABOVE HAVE THE MEANINGS GIVEN TO THEM IN REGULATIONS UNDER THE SECURITIES ACT.

(h) *Cancellation and/or Adjustment of Global Notes.* At such time as all beneficial interests in a particular Global Note have been exchanged for Definitive Notes or a particular Global Note has been redeemed, repurchased or canceled in whole and not in part, each such Global Note shall be returned to or retained and canceled by the Trustee in accordance with Section 2.11. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note or for Definitive Notes, the principal amount of Notes represented by such Global Note shall be reduced accordingly and an endorsement shall be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note, such other Global Note shall be increased accordingly and an endorsement shall be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such increase.

(i) *General Provisions Relating to Transfers and Exchanges.*

(i) To permit registrations of transfers and exchanges, the Issuers shall execute and the Trustee shall authenticate Global Notes and Definitive Notes upon the Issuers' order or at the Registrar's request.

(ii) No service charge shall be made to a Holder of a beneficial interest in a Global Note or to a Holder of a Definitive Note for any registration of transfer or exchange, but the Issuers may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Sections 2.10, 3.09, 4.11, 4.16 and 9.05).

(iii) The Registrar shall not be required to register the transfer of or exchange any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part.

(iv) All Global Notes and Definitive Notes issued upon any registration of transfer or exchange of Global Notes or Definitive Notes shall be the valid obligations of the Issuers, evidencing the same debt, and entitled to the same benefits under this Supplemental Inden-

ture, as the Global Notes or Definitive Notes surrendered upon such registration of transfer or exchange.

(v) The Issuers shall not be required to register the transfer of or to exchange a Note between a record date and the next succeeding interest payment date.

(vi) Prior to due presentment for the registration of a transfer of any Note, the Trustee, any Agent and the Issuers may deem and treat the Person in whose name any Note is registered as the absolute owner of such Note for the purpose of receiving payment of principal of and interest on such Notes and for all other purposes, and none of the Trustee, any Agent or the Issuers shall be affected by notice to the contrary.

(vii) The Trustee shall authenticate Global Notes and Definitive Notes in accordance with the provisions of Section 2.02.

(viii) All certifications, certificates and Opinions of Counsel required to be submitted to the Registrar pursuant to this Section 2.06 to effect a registration of transfer or exchange may be submitted by facsimile.

(ix) Each Holder of a Note agrees to indemnify the Issuers and the Trustee against any liability that may result from the transfer, exchange or assignment of such Holder's Note in violation of any provision of this Supplemental Indenture and/or applicable United States Federal or state securities law.

(x) The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Supplemental Indenture or under applicable law with respect to any transfer of any interest in any Note (including any transfers between or among Depository Participants or beneficial owners of interests in any Global Note) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Supplemental Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(xi) Neither the Trustee nor any Agent shall have any responsibility for any actions taken or not taken by the Depository.

(xii) Notwithstanding anything contained herein, any transfers, replacements or exchanges of Notes, including as contemplated in this Article 2, shall not be deemed to be an incurrence of Indebtedness.

#### Section 2.07 Replacement Notes.

If any mutilated Note is surrendered to the Trustee or the Issuers and the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Note, the Issuers shall issue and the Trustee, upon receipt of an Authentication Order, shall authenticate a replacement Note if the Trustee's requirements are met. If required by the Trustee or the Issuers, an indemnity bond must be supplied by the Holder that is sufficient in the judgment of the Trustee and the Issuers to protect the Issuers, the Trustee, any Agent and any authenticating agent from any loss

that any of them may suffer if a Note is replaced. The Issuers may charge for their expenses in replacing a Note.

Every replacement Note is an additional legally binding obligation of the Issuers and shall be entitled to all of the benefits of this Supplemental Indenture equally and proportionately with all other Notes duly issued hereunder.

#### Section 2.08 Outstanding Notes.

The Notes outstanding at any time are all the Notes authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation, those reductions in the interest in a Global Note effected by the Trustee in accordance with the provisions of this Supplemental Indenture, and those described in this Section 2.08 as not outstanding. Except as set forth in Section 2.09, a Note does not cease to be outstanding because the Company or an Affiliate of the Company holds the Note.

If a Note is replaced pursuant to Section 2.07, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Note is held by a bona fide purchaser.

If the principal amount of any Note is considered paid under Section 4.01, it ceases to be outstanding and interest on it ceases to accrue.

If the Paying Agent (other than an Issuer, a Subsidiary or an Affiliate of any thereof) holds, on a redemption date or maturity date, money sufficient to pay Notes payable on that date, then on and after that date such Notes shall be deemed to be no longer outstanding and shall cease to accrue interest.

#### Section 2.09 Treasury Notes.

In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by an Issuer, or by any Person directly or indirectly controlled by or under direct or indirect common control with an Issuer or, if the TIA is applicable to this Supplemental Indenture, to the extent required by the TIA, any person controlling an Issuer, shall be considered as though not outstanding, except that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Notes that a Responsible Officer of the Trustee knows are so owned shall be so disregarded.

#### Section 2.10 Temporary Notes.

Until certificates representing Notes are ready for delivery, the Issuers may prepare and the Trustee, upon receipt of an Authentication Order, shall authenticate temporary Notes. Temporary Notes shall be substantially in the form of certificated Notes but may have variations that the Issuers considers appropriate for temporary Notes and as shall be reasonably acceptable to the Trustee. Without unreasonable delay, the Issuers shall prepare and the Trustee shall authenticate Definitive Notes in exchange for temporary Notes.

Holders of temporary Notes shall be entitled to all of the benefits of this Supplemental Indenture.

Section 2.11 Cancellation.

The Issuers at any time may deliver Notes to the Trustee for cancellation. The Registrar and Paying Agent shall forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee and no one else shall cancel all Notes surrendered for registration of transfer, exchange, payment, replacement or cancellation and shall dispose of such canceled Notes in its customary manner. The Issuers may not issue new Notes to replace Notes that they have paid or that have been delivered to the Trustee for cancellation.

Section 2.12 Defaulted Interest.

If the Issuers default in a payment of interest on the Notes, they shall pay the defaulted interest in any lawful manner plus, to the extent lawful, interest payable on the defaulted interest, which interest on defaulted interest shall accrue until the defaulted interest is deemed paid hereunder, to the Persons who are Holders on a subsequent special record date, in each case at the rate provided in the Notes and in Section 4.01. The Issuers shall notify the Trustee in writing of the amount of defaulted interest proposed to be paid on each Note and the date of the proposed payment. The Issuers shall fix or cause to be fixed each such special record date and payment date; *provided* that no such special record date shall be less than 10 days prior to the related payment date for such defaulted interest. At least 15 days before the special record date, the Issuers (or, upon the written request of the Issuers, the Trustee in the name and at the expense of the Issuers) shall mail or cause to be mailed to Holders a notice that states the special record date, the related payment date and the amount of such interest to be paid.

Section 2.13 CUSIP Numbers.

The Issuers in issuing the Notes may use "CUSIP" numbers (if then generally in use), and, if so, the Trustee shall use "CUSIP" numbers in notices of redemption as a convenience to Holders; *provided* that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Notes or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Notes, and any such redemption shall not be affected by any defect in or omission of such numbers. The Issuers will promptly notify the Trustee in writing of any change in the "CUSIP" numbers.

## ARTICLE 3

### REDEMPTION AND PREPAYMENT

With respect to the Notes only, Article 3 of the Base Indenture is hereby replaced with the following:

#### Section 3.01 Notices to Trustee.

If the Issuers elect to redeem Notes pursuant to the optional redemption provisions of Section 3.07, they shall furnish to the Trustee, at least 30 days but not more than 60 days before a redemption date, an Officers' Certificate setting forth (i) the clause of this Supplemental Indenture pursuant to which the redemption shall occur, (ii) the redemption date, (iii) the principal amount of Notes to be redeemed and (iv) the redemption price.

Section 3.02 Selection of Notes to Be Redeemed. If less than all of the Notes are to be redeemed at any time, the Trustee shall select the Notes for redemption as follows:

- (1) if any Notes are listed, in compliance with the requirements of the principal national securities exchange on which the Notes are listed;
- (2) if the Notes are not so listed, on a *pro rata* basis, by lot or in accordance with any other method as the Trustee shall deem appropriate.

In the event of partial redemption by lot, the particular Notes to be redeemed shall be selected, unless otherwise provided herein, not less than 30 nor more than 60 days prior to the redemption date by the Trustee from the outstanding Notes not previously called for redemption.

The Trustee shall promptly notify the Issuers in writing of the Notes selected for redemption and, in the case of any Note selected for partial redemption, the principal amount thereof to be redeemed. Notes and portions of Notes selected shall be in amounts of \$2,000 or whole multiples of \$1,000 in excess thereof; except that if all of a Holder's Notes are to be redeemed, the entire outstanding amount of Notes held by such Holder, even if not a multiple of \$1,000, shall be redeemed. Except as provided in the preceding sentence, provisions of this Supplemental Indenture that apply to Notes called for redemption also apply to portions of Notes called for redemption.

#### Section 3.03 Notice of Redemption.

Subject to the provisions of Section 3.09, at least 30 days (or, in the case of a redemption, pursuant to Section 3.07(d), 10 days) but not more than 60 days before a redemption date, the Issuers shall mail or cause to be mailed, by first class mail, a notice of redemption to each Holder whose Notes are to be redeemed at its registered address.

The notice shall identify the Notes to be redeemed and shall state:

- (a) the redemption date;

(b) the redemption price;

(c) if any Note is being redeemed in part only, the portion of the principal amount of such Note to be redeemed and that, after the redemption date upon surrender of such Note, a new Note or Notes in principal amount equal to the unredeemed portion shall be issued upon cancellation of the original Note;

(d) the name and address of the Paying Agent;

(e) that Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price;

(f) that, unless the Issuers default in making such redemption payment, interest on Notes called for redemption and redeemed ceases to accrue on and after the redemption date;

(g) the paragraph of the Notes and/or Section of this Supplemental Indenture pursuant to which the Notes called for redemption are being redeemed;

(h) that no representation is made as to the correctness or accuracy of the CUSIP number, if any, listed in such notice or printed on the Notes; and

(i) any conditions to the Issuers obligations to redeem the Notes as contemplated by Section 3.04.

At the Issuers' request, the Trustee shall give the notice of redemption in the Issuers' name and at their expense; *provided, however*, that each of the Issuers shall have delivered to the Trustee, at least 45 days prior to the redemption date (or such shorter period as to which the Trustee may agree in its sole discretion), an Officers' Certificate requesting that the Trustee give such notice and setting forth the information to be stated in such notice as provided in the preceding paragraph.

#### Section 3.04 Effect of Notice of Redemption.

Once notice of redemption is mailed in accordance with Section 3.03, Notes called for redemption become irrevocably due and payable on the redemption date at the redemption price; *provided* that any redemption or notice of any redemption may, at the Issuers' discretion, be subject to one or more conditions precedent, including, but not limited to, completion of an Equity Offering, other offering, issuance of Indebtedness, or other corporate transaction or event and notice of any redemption in respect thereof may be given prior to the completion thereof and may be partial as a result of only some of the conditions being satisfied; *provided, however*, that any such conditions precedent shall be set forth in the notice of redemption.

#### Section 3.05 Deposit of Redemption Price.

At or prior to 10:00 a.m., New York City time, on the redemption date, the Issuers shall deposit with the Trustee or with the Paying Agent money sufficient to pay the redemption price of and accrued interest on all Notes to be redeemed on that date. The Trustee or the Paying



Agent shall promptly return to the Issuers any money deposited with the Trustee or the Paying Agent by the Issuers in excess of the amounts necessary to pay the redemption price of, and accrued interest on, all Notes to be redeemed.

If the Issuers comply with the provisions of the preceding paragraph, on and after the redemption date, interest shall cease to accrue on the Notes or the portions of Notes called for redemption. If a Note is redeemed on or after an interest record date but on or prior to the related interest payment date, then any accrued and unpaid interest shall be paid to the Person in whose name such Note was registered at the close of business on such record date. If any Note called for redemption shall not be so paid upon surrender for redemption because of the failure of the Issuers to comply with the preceding paragraph, interest shall be paid on the unpaid principal, from the redemption date until such principal is paid, and to the extent lawful on any interest not paid on such unpaid principal, in each case at the rate provided in the Notes and in Section 4.01.

#### Section 3.06 Notes Redeemed in Part.

No Notes of \$2,000 principal amount or less shall be redeemed in part. Upon surrender of a Note that is redeemed in part, the Issuers shall issue and, upon the Issuers' written request, the Trustee shall authenticate for the Holder at the expense of the Issuers a new Note equal in principal amount to the unredeemed portion of the Note surrendered.

#### Section 3.07 Optional Redemption.

(a) Except as set forth in Section 3.07(b), (c) and (d), the Issuers shall not have the option to redeem the Notes pursuant to this Section 3.07 prior to February 15, 2018. Thereafter, the Issuers shall have the option to redeem the Notes, in whole or in part, upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount of the Notes) set forth below plus accrued and unpaid interest thereon, if any, to the applicable redemption date, if redeemed during the twelve month period beginning on February 15 of the years indicated below:

<u>Year</u>	<u>Percentage</u>
2018	102.563%
2019	101.708%
2020	100.854%
2021 and thereafter	100%

(b) At any time prior to February 15, 2016, the Issuers may on any one or more occasions redeem up to 35% of the aggregate principal amount of the Notes (including the principal amount of any Additional Notes), at a redemption price of 105.125% of the principal amount thereof, plus accrued and unpaid interest to the redemption date, with the net cash proceeds of one or more Equity Offerings; *provided* that:

(i) at least 65% of the original aggregate principal amount of Notes (including the principal amount of any Additional Notes) issued under this Supplemental Indenture remains outstanding immediately after the occurrence of such redemption (excluding Notes held by the Issuers and their Subsidiaries); and

(ii) the redemption must occur within 180 days of the date of the closing of such Equity Offering.

(c) At any time and from time to time prior to February 15, 2018, the Issuers may redeem outstanding Notes, in whole or in part, at a redemption price equal to 100% of the principal amount thereof *plus* accrued and unpaid interest, if any, on such Notes to the redemption date *plus* the Make-Whole Premium.

(d) In the event that the Issuers have made a Change of Control Offer pursuant to Section 4.16, and have purchased not less than 90% of the then outstanding Notes pursuant to such Change of Control Offer, the Issuers may, upon not less than 10 nor more than 60 days' prior notice, given not more than 30 days following the applicable Change of Control Payment Date, redeem all of the Notes that remain outstanding following such Change of Control Payment Date at a redemption price equal to 101% of the principal amount of the Notes so redeemed *plus* accrued and unpaid interest on the Notes so redeemed to the redemption date.

Any redemption pursuant to this Section 3.07 shall be made pursuant to the provisions of Section 3.01 through 3.06.

#### Section 3.08 Mandatory Redemption.

Except as otherwise provided in Section 4.11 or Section 4.16 below, the Issuers shall not be required to make mandatory redemption payments with respect to the Notes.

#### Section 3.09 Offer to Purchase by Application of Excess Proceeds.

In the event that the Issuers shall be required to commence an offer to all Holders to purchase Notes pursuant to Section 4.11 (an "*Asset Sale Offer*"), they shall follow the procedures specified below.

The Asset Sale Offer shall remain open for a period of 20 Business Days following its commencement and no longer, except to the extent that a longer period is required by applicable law (the "*Offer Period*"). No later than five Business Days after the termination of the Offer Period (the "*Purchase Date*"), the Issuers shall purchase the principal amount of Notes required to be purchased pursuant to Section 4.11 (the "*Offer Amount*") or, if less than the Offer Amount has been tendered, all Notes tendered in response to the Asset Sale Offer. Payment for any Notes so purchased shall be made in the same manner as interest payments are made. Unless the Issuers default in making such payment, any Note accepted for payment pursuant to the Asset Sale Offer shall cease to accrue interest after the Purchase Date.

If the Purchase Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest shall be paid to the Person in whose name a Note is registered at the close of business on such record date, and no Special Interest shall be payable to Holders who tender Notes pursuant to the Asset Sale Offer.

Upon the commencement of an Asset Sale Offer the Issuers shall send, by first class mail, a notice to the Trustee and each of the Holders, with a copy to the Trustee. The notice shall contain all instructions and materials necessary to enable such Holders to tender Notes

pursuant to the Asset Sale Offer. The Asset Sale Offer shall be made to all Holders. The notice, which shall govern the terms of the Asset Sale Offer, shall state:

- (a) that the Asset Sale Offer is being made pursuant to this Section 3.09 and Section 4.11 and the length of time the Asset Sale Offer shall remain open;
- (b) the Offer Amount, the purchase price and the Purchase Date;
- (c) that any Note not tendered or accepted for payment shall continue to accrue interest;
- (d) that, unless the Issuers default in making such payment, any Note accepted for payment pursuant to the Asset Sale Offer shall cease to accrue interest after the Purchase Date;
- (e) that Holders electing to have a Note purchased pursuant to an Asset Sale Offer may elect to have Notes purchased in minimum denominations of \$2,000 and in multiple integrals of \$1,000 in excess thereof only;
- (f) that Holders electing to have a Note purchased pursuant to any Asset Sale Offer shall be required to surrender the Note, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Note completed, or transfer the Note by book-entry transfer, to the Issuers, the Depository or the Paying Agent at the address specified in the notice at least three days before the Purchase Date;
- (g) that Holders shall be entitled to withdraw their election if the Issuers, the Depository or the Paying Agent, as the case may be, receives, not later than the expiration of the Offer Period, a facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Note the Holder delivered for purchase and a statement that such Holder is withdrawing his election to have such Note purchased;
- (h) that, if the aggregate principal amount of Notes surrendered by Holders exceeds the Offer Amount, the Issuers shall select the Notes to be purchased on a *pro rata* basis (with such adjustments as may be deemed appropriate by the Issuers so that only Notes in minimum denominations of \$2,000 or integral multiples of \$1,000 in excess thereof, shall be purchased); and
- (i) that Holders whose Notes were purchased only in part shall be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered (or transferred by book-entry transfer).

On or before the Purchase Date, the Issuers shall, to the extent lawful, accept for payment, on a *pro rata* basis to the extent necessary, the Offer Amount of Notes or portions thereof tendered pursuant to the Asset Sale Offer or if less than the Offer Amount has been tendered, all Notes tendered, and shall deliver to the Trustee an Officers' Certificate stating that such Notes or portions thereof were accepted for payment by the Issuers in accordance with the terms of this Section 3.09. The Issuers, the Depository or the Paying Agent, as the case may be, shall promptly (but in any case not later than five days after the Purchase Date) mail or deliver to

each tendering Holder an amount equal to the purchase price of the Notes tendered by such Holder and accepted by the Issuers for purchase, and the Issuers shall promptly issue a new Note, and the Trustee, upon written request from the Issuers, shall authenticate and mail or deliver such new Note to such Holder, in a principal amount equal to any unpurchased portion of the Note surrendered. Any Note not so accepted shall be promptly mailed or delivered by the Issuers to the Holder thereof. The Issuers shall publicly announce the results of the Asset Sale Offer on the Purchase Date.

Other than as specifically provided in this Section 3.09, any purchase pursuant to this Section 3.09 shall be made pursuant to the provisions of Sections 3.01 through 3.06.

## **ARTICLE 4**

### **COVENANTS**

With respect to the Notes only, the following Sections 4.03 through 4.19 are hereby added to Article 4 of the Base Indenture:

#### **Section 4.03 Reports.**

Whether or not required by the Commission, so long as any Notes are outstanding, the Issuers shall furnish to Holders and the Trustee, within the time periods specified in the Commission's rules and regulations:

(1) all quarterly and annual financial information that would be required to be contained in a filing with the Commission on Forms 10-Q and 10-K if the Issuers were required to file such forms, including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" section and, with respect to the annual information only, a report on the annual consolidated financial statements of the Company by its independent public accountants; and

(2) all current reports that would be required to be filed with the Commission on Form 8-K if the Issuers were required to file such reports.

If the Company has designated any of its Subsidiaries as Unrestricted Subsidiaries, then the quarterly and annual financial information required by the preceding paragraph shall include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, and in Management's Discussion and Analysis of Financial Condition and Results of Operations, of the financial condition and results of operations of the Company and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Company.

Notwithstanding anything to the contrary set forth above, for so long as the Issuers are direct or indirect wholly-owned Subsidiaries of CCI, if CCI has furnished Holders and filed electronically with the Securities and Exchange Commission, the reports described in the preceding paragraphs with respect to CCI (including any consolidating financial information required by Regulation S-X relating to the Issuers), the Issuers shall be deemed to be in compliance with the provisions of this Section 4.03.

Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Issuers' compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates).

#### Section 4.04 Compliance Certificate.

(a) The Issuers shall deliver to the Trustee, within 90 days after the end of each fiscal year, an Officers' Certificate stating that a review of the activities of the Issuers and their Subsidiaries during the preceding fiscal year have been made under the supervision of the signing Officers with a view to determining whether the Issuers have kept, observed, performed and fulfilled their obligations under this Supplemental Indenture and the Base Indenture, and further stating, as to each such Officer signing such certificate, that to the best of his or her knowledge the Issuers have kept, observed, performed and fulfilled each and every covenant contained in this Supplemental Indenture and are not in default in the performance or observance of any of the terms, provisions and conditions of this Supplemental Indenture (or, if a Default or Event of Default shall have occurred, describing all such Defaults or Events of Default of which he or she may have knowledge and what action the Issuers are taking or propose to take with respect thereto) and that to the best of his or her knowledge no event has occurred and remains in existence by reason of which payments on account of the principal of or interest, if any, on the Notes is prohibited or if such event has occurred, a description of the event and what action the Issuers are taking or propose to take with respect thereto.

(b) The Issuers shall, so long as any of the Notes are outstanding, deliver to the Trustee, forthwith upon any Officer becoming aware of any Default or Event of Default, an Officers' Certificate specifying such Default or Event of Default and what action the Issuers are taking or propose to take with respect thereto.

#### Section 4.05 Taxes.

The Company shall pay, and shall cause each of its Subsidiaries to pay, prior to delinquency, all material taxes, assessments, and governmental levies except such as are contested in good faith and by appropriate proceedings or where the failure to effect such payment is not adverse in any material respect to Holders.

#### Section 4.06 Stay, Extension and Usury Laws.

Each of the Issuers covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Supplemental Indenture; and each of the Issuers (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it shall not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but shall suffer and permit the execution of every such power as though no such law has been enacted.

Section 4.07 Restricted Payments.

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly:

(a) declare or pay any dividend or make any other payment or distribution on account of its or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Company's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than dividends or distributions payable (x) solely in Equity Interests (other than Disqualified Stock) of the Company or (y) in the case of the Company and its Restricted Subsidiaries, to the Company or a Restricted Subsidiary thereof);

(b) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) any Equity Interests of the Company or any direct or indirect Parent of the Company or any Restricted Subsidiary of the Company (other than, in the case of the Company and its Restricted Subsidiaries, any such Equity Interests owned directly or indirectly by the Company or any of its Restricted Subsidiaries); or

(c) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value, any Indebtedness of the Company (other than intercompany Indebtedness among the Company and its Restricted Subsidiaries that is permitted to be incurred under this Supplemental Indenture) that is subordinated to the Notes, except a payment of interest or principal at the Stated Maturity thereof

(all such payments and other actions set forth in clauses (a) through (c) above being collectively referred to as "*Restricted Payments*"), unless, at the time of and after giving effect to such Restricted Payment:

(1) no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof; and

(2) the Company would, at the time of such Restricted Payment and after giving *pro forma* effect thereto as if such Restricted Payment had been made at the beginning of the applicable quarter period, have been permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Leverage Ratio test set forth in the first paragraph of Section 4.10; and

(3) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Company and its Restricted Subsidiaries from and after the Issue Date (excluding Restricted Payments permitted by clauses (2), (3), (4), (5), (6), (7), (8), (9) and (12) of the next succeeding paragraph), shall not exceed, at the date of determination, the sum of:

(a) an amount equal to 100% of the Consolidated EBITDA of the Company for the period beginning on the first day of the fiscal quarter commencing April 1, 2010

to the end of the Company's most recently ended full fiscal quarter for which internal financial statements are available, taken as a single accounting period, *less* the product of 1.3 times the Consolidated Interest Expense of the Company for such period, *plus*

(b) an amount equal to 100% of Capital Stock Sale Proceeds (reduced for purpose of this clause (b) by (A) any amount of such Capital Stock Sale Proceeds (i) used in connection with an Investment made on or after the Issue Date pursuant to clause (5) of the definition of "Permitted Investments," (ii) applied to make a Restricted Payment pursuant to clause (2) or sub-clause (y)(2) of clause (9) below, or (iii) relied upon for purposes of incurring Contribution Indebtedness and (B) the amount of Restricted Payments made pursuant to sub-clause (A)(i), (B) or (C) of clause (8) and sub-clause (y) (1) of clause (9) below, in each case, by an amount not to exceed the amount of Capital Stock Sale Proceeds from any Charter Subsidiary Refinancing Indebtedness or Charter Parent Refinancing Indebtedness), *plus*

(c) \$2,000.0 million.

The preceding provisions shall not prohibit:

(1) the payment of any dividend within 60 days after the date of declaration thereof, if at the date of declaration such payment would have complied with the provisions of this Supplemental Indenture;

(2) the redemption, repurchase, retirement, defeasance or other acquisition of any subordinated Indebtedness of the Company in exchange for, or out of the net proceeds of, the substantially concurrent sale (other than to a Subsidiary of the Company) of, Equity Interests of the Company (other than Disqualified Stock);

(3) the defeasance, redemption, repurchase or other acquisition of subordinated Indebtedness of the Company or any of its Restricted Subsidiaries with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness;

(4) the payment of any dividend or distribution to the extent necessary to permit direct or indirect beneficial owners of shares of Capital Stock of the Company to pay federal, state or local income tax liabilities that would arise solely from income of the Company or any of its Restricted Subsidiaries, as the case may be, for the relevant taxable period being attributable to them;

(5) payment of any dividend by a Restricted Subsidiary of the Company to the holders of its Equity Interests on a *pro rata* basis;

(6) the repurchase, redemption or other acquisition or retirement for value, or the payment of any dividend or distribution to the extent necessary to permit the repurchase, redemption or other acquisition or retirement for value, of any Equity Interests of the Company or a Parent of the Company held by any member of the Company's or such Parent's management pursuant to any management equity subscription agreement or stock option agreement entered into in accordance with the policies of the Company or any Parent; *provided* that the aggregate price paid for all such repurchased, redeemed,

acquired or retired Equity Interests shall not exceed \$10.0 million in any fiscal year of the Issuers;

(7) payment of fees in connection with any acquisition, merger or similar transaction in an amount that does not exceed an amount equal to 1.25% of the transaction value of such acquisition, merger or similar transaction;

(8) (A) additional Restricted Payments directly or indirectly to any Parent (i) for the purpose of enabling any Parent to pay interest when due on Indebtedness under any Charter Parent Refinancing Indebtedness or (ii) so long as no Default has occurred and is continuing and the Company would have been permitted, at the time of such Restricted Payment and after giving *pro forma* effect thereto as if such Restricted Payment had been made at the beginning of the applicable quarter period, to incur at least \$1.00 of additional Indebtedness pursuant to the Leverage Ratio test set forth in the first paragraph of Section 4.10, consisting of dividends or distributions to the extent required to enable any Charter Parent Refinancing Subsidiary to defease, redeem, repurchase, prepay, repay, discharge or otherwise acquire or retire for value Indebtedness under any Charter Parent Refinancing Indebtedness (including any expenses and fees incurred by any Parent in connection therewith); (B) so long as no Default has occurred and is continuing, Restricted Payments used to defease, redeem, repurchase, prepay, repay, discharge or otherwise acquire or retire for value Indebtedness under any Charter Parent Refinancing Indebtedness or consisting of purchases, redemptions or other acquisitions by the Company or its Restricted Subsidiaries of Indebtedness under any Charter Parent Refinancing Indebtedness (including any expenses and fees incurred by the Company and its Restricted Subsidiaries in connection therewith) and the distribution, loan or investment to any Parent of Indebtedness so purchased, redeemed or acquired, or (C) Restricted Payments for the purpose of enabling any Parent to (i) pay interest when due on Indebtedness under any Charter Subsidiary Refinancing Indebtedness or (ii) to defease, redeem, repurchase, prepay, repay, discharge or otherwise acquire or retire for value Indebtedness under any Charter Subsidiary Refinancing Indebtedness (including any expenses and fees incurred by the Company and its Restricted Subsidiaries in connection therewith);

(9) Restricted Payments directly or indirectly to any Parent regardless of whether a Default exists (other than an Event of Default under paragraphs (1), (2), (7) or (8) of Section 6.01), for the purpose of enabling such Person (A) to pay interest on and (B) so long as the Company would, at the time of such Restricted Payment and after giving *pro forma* effect thereto as if such Restricted Payment had been made at the beginning of the applicable quarter period, have been permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Leverage Ratio test set forth in the first paragraph of Section 4.10 to defease, redeem, repurchase, prepay, repay, discharge or otherwise acquire or retire, in each case, Indebtedness of such Parent (x) which is not held by another Parent and (y) to the extent that the net cash proceeds of such Indebtedness are or were used for the (1) payment of interest or principal (or premium) on any Indebtedness of a Parent (including (A) by way of a tender, redemption or prepayment of such Indebtedness and (B) amounts set aside to prefund any such payment), (2) direct or indirect (including by way of a contribution of property and/or assets purchased with such net cash proceeds) Investment in the Company or any of its Restricted Subsidiaries or (3) payment of



amounts that would be permitted to be paid by way of a Restricted Payment under clause (10) immediately below (including the expenses of any exchange transaction);

(10) Restricted Payments directly or indirectly to any Parent of (A) attorneys' fees, investment banking fees, accountants' fees, underwriting discounts and commissions and other customary fees and expenses (including any commitment and other fees payable in connection with Credit Facilities) actually incurred in connection with any issuance, sale or incurrence by such Parent of Equity Interests or Indebtedness, or any exchange of securities or tender for outstanding debt securities, or (B) the costs and expenses of any offer to exchange privately placed securities in respect of the foregoing for publicly registered securities or any similar concept having a comparable purpose;

(11) the redemption, repurchase, retirement or other acquisition of any Equity Interests of the Company or Indebtedness of the Issuers or any Equity Interests of any direct or indirect parent of the Company, in exchange for, or out of the proceeds of the substantially concurrent sale (other than to an Issuer or a Restricted Subsidiary) of, Equity Interests of the Company or any direct or indirect parent of the Company (in each case, other than any Disqualified Stock);

(12) the declaration and payment of dividends to holders of any class or series of Disqualified Stock of the Issuers or any Restricted Subsidiary issued in accordance with Section 4.10; and

(13) so long as no Default has occurred and is continuing, other Restricted Payments in an aggregate amount taken together with all other Restricted Payments made pursuant to this clause (13) not to exceed \$50.0 million.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or any of its Restricted Subsidiaries pursuant to the Restricted Payment. The fair market value of any assets or securities that are required to be valued by this covenant shall be determined by the Board of Directors of the Company, whose resolution with respect thereto shall be delivered to the Trustee. Such Board of Directors' determination must be based upon an opinion or appraisal issued by an accounting, appraisal or investment banking firm of national standing if the fair market value exceeds \$100.0 million.

Not later than the date of making any Restricted Payment other than in the form of cash having a fair market value in excess of \$10.0 million, the Issuers shall deliver to the Trustee an Officers' Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this Section 4.07 were computed, together with a copy of any fairness opinion or appraisal required by this Supplemental Indenture.

#### Section 4.08 Investments.

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) make any Restricted Investment; or

(2) allow any of its Restricted Subsidiaries to become an Unrestricted Subsidiary,

unless, in each case:

(a) no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof; and

(b) the Company would, at the time of, and after giving effect to, such Restricted Investment or such designation of a Restricted Subsidiary as an Unrestricted Subsidiary, have been permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Leverage Ratio test set forth in the first paragraph of Section 4.10.

An Unrestricted Subsidiary may be redesignated as a Restricted Subsidiary if such redesignation would not cause a Default.

#### Section 4.09 Dividend and Other Payment Restrictions Affecting Subsidiaries.

The Company shall not, directly or indirectly, create or permit to exist or become effective any encumbrance or restriction on the ability of any of its Restricted Subsidiaries to:

(a) pay dividends or make any other distributions on its Capital Stock to the Company or any of its Restricted Subsidiaries, or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to the Company or any of its Restricted Subsidiaries;

(b) make loans or advances to the Company or any of its Restricted Subsidiaries; or

(c) transfer any of its properties or assets to the Company or any of its Restricted Subsidiaries.

However, the preceding restrictions shall not apply to encumbrances or restrictions existing under or by reason of:

(1) Existing Indebtedness as in effect on the Issue Date (including, without limitation, Indebtedness under any of the Credit Facilities) and any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings thereof, *provided* that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are no more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in the most restrictive Existing Indebtedness, as in effect on the Issue Date;

(2) this Supplemental Indenture and the Notes;

(3) applicable law, rule, regulation or order;

(4) any instrument governing Indebtedness or Capital Stock of a Person acquired by the Company or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired; *provided* that, in the case of Indebtedness, such Indebtedness was permitted by the terms of this Supplemental Indenture to be incurred;

(5) customary non-assignment provisions in leases, franchise agreements and other commercial agreements entered into in the ordinary course of business and consistent with past practices;

(6) purchase money obligations for property acquired in the ordinary course of business that impose restrictions on the property so acquired of the nature described in clause (c) of the preceding paragraph;

(7) any agreement for the sale or other disposition of a Restricted Subsidiary of the Company that restricts distributions by such Restricted Subsidiary pending its sale or other disposition;

(8) Permitted Refinancing Indebtedness; *provided* that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are no more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;

(9) Liens securing Indebtedness or other obligations otherwise permitted to be incurred under Section 4.14 that limit the right of the Company or any of its Restricted Subsidiaries to dispose of the assets subject to such Lien;

(10) provisions with respect to the disposition or distribution of assets or property in joint venture agreements and other similar agreements;

(11) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;

(12) restrictions contained in the terms of Indebtedness permitted to be incurred under Section 4.10; *provided* that such restrictions are no more restrictive, taken as a whole, than the terms contained in the most restrictive, together or individually of the Credit Facilities as in effect on the Issue Date;

(13) restrictions that are not materially more restrictive, taken as a whole, than customary provisions in comparable financings and that the management of the Company determines, at the time of such financing, will not materially impair the Issuers' ability to make payments as required under the Notes; and

(14) any encumbrances or restrictions imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or

refinancings of the contracts, instruments or obligations referred to in clauses (1) through (13) above; *provided* that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are, in the good faith judgment of the Issuers, not materially more restrictive taken as a whole with respect to such encumbrance and other restrictions than those prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing.

#### Section 4.10 Incurrence of Indebtedness and Issuance of Preferred Stock.

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, “*incur*”) any Indebtedness (including Acquired Debt) and the Company shall not issue any Disqualified Stock and shall not permit any of its Restricted Subsidiaries to issue any shares of Disqualified Stock or Preferred Stock, *provided* that the Company or any of its Restricted Subsidiaries may incur Indebtedness or the Company may issue Disqualified Stock and Restricted Subsidiaries may issue Preferred Stock if the Leverage Ratio of the Company and its Restricted Subsidiaries would have been not greater than 6.0 to 1.0 and in each case, determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness had been incurred, or the Disqualified Stock or Preferred Stock had been issued, as the case may be, at the beginning of the most recently ended fiscal quarter.

The first paragraph of this Section 4.10 shall not prohibit the incurrence of any of the following items of Indebtedness (collectively, “*Permitted Debt*”):

(1) the incurrence by the Company and its Restricted Subsidiaries of Indebtedness under Credit Facilities; *provided* that the aggregate principal amount of all Indebtedness of the Company and its Restricted Subsidiaries outstanding under this clause (1) for all Credit Facilities of the Company and its Restricted Subsidiaries after giving effect to such incurrence does not exceed an amount equal to \$1,500.0 million;

(2) the incurrence by the Company and its Restricted Subsidiaries of Existing Indebtedness (including Indebtedness outstanding under Credit Facilities on the Issue Date);

(3) the incurrence on the Issue Date by the Company and its Restricted Subsidiaries of Indebtedness represented by the Notes (other than any Additional Notes);

(4) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement (including, without limitation, the cost of design, development, construction, acquisition, transportation, installation, improvement, and migration) of Productive Assets of the Company or any of its Restricted Subsidiaries, in an aggregate principal amount not to exceed the greater of (i) \$300.0 million and (ii) 5.0% of Consolidated Net Tangible Assets at any time outstanding pursuant to this clause (4);

(5) the incurrence by the Company or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to refund, refinance or replace, in whole or in part, Indebtedness (other than intercompany Indebtedness) that was permitted by this Supplemental Indenture to be incurred under this clause (5), the first paragraph of this Section 4.10 or clauses (2), (3), (9) or (12) of this second paragraph;

(6) the incurrence by the Company or any of its Restricted Subsidiaries of intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries; *provided* that:

(a) if the Company is the obligor on such Indebtedness, such Indebtedness must be expressly subordinated to the prior payment in full in cash of all Obligations with respect to the Notes; and

(b) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Company or a Restricted Subsidiary thereof and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Company or a Restricted Subsidiary thereof, shall be deemed, in each case, to constitute an incurrence of such Indebtedness that was not permitted by this clause (6);

(7) the incurrence by the Company or any of its Restricted Subsidiaries of Hedging Obligations (other than for speculative purposes);

(8) the guarantee by the Company or any of its Restricted Subsidiaries of Indebtedness of a Restricted Subsidiary of the Company that was permitted to be incurred by another provision of this Section 4.10;

(9) Acquired Debt or Disqualified Stock of a Person that becomes, or is merged into, a Restricted Subsidiary or any Issuer; *provided, however*, that after giving *pro forma* effect thereto as if such acquisition or merger had been made at the beginning of the applicable quarter period, the Leverage Ratio of the Company and its Restricted Subsidiaries is equal to or less than immediately prior to such transaction;

(10) the incurrence by the Company or any of its Restricted Subsidiaries of additional Indebtedness, Disqualified Stock or Preferred Stock in an aggregate principal amount at any time outstanding under this clause (10), not to exceed the greater of (i) \$300.0 million and (ii) 5.0% of Consolidated Net Tangible Assets;

(11) the accretion or amortization of original issue discount and the write up of Indebtedness in accordance with purchase accounting;

(12) Contribution Indebtedness;

(13) Indebtedness arising from agreements of any Issuer or a Restricted Subsidiary providing for and to the extent of indemnification, adjustment of purchase price or similar obligations, in each case, incurred or assumed in connection with the disposition

or acquisition of any business, assets or a Subsidiary, other than Guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or a Subsidiary for the purpose of financing such acquisition; and

(14) Indebtedness from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided* that such Indebtedness is extinguished within 10 business days of its incurrence.

In the event that an item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) meets the criteria of more than one of the categories of permitted Indebtedness, Disqualified Stock or Preferred Stock described in clauses (1) through (14) of the second paragraph of this Section 4.10 or is entitled to be incurred pursuant to the first paragraph of this Section 4.10, the Issuers, in their sole discretion, may classify or reclassify such item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) and will only be required to include the amount and type of such Indebtedness, Disqualified Stock or Preferred Stock in one of the above clauses or the first paragraph of this Section 4.10. Additionally, all or any portion of any item of Indebtedness may later be classified as having been incurred pursuant to any category of permitted Indebtedness described in clauses (1) through (14) above or pursuant to the first paragraph of this Section 4.10 so long as such Indebtedness, Disqualified Stock or Preferred Stock is permitted to be incurred pursuant to such provision at the time of reclassification. At the time of incurrence, the Issuers will be entitled to divide and classify an item of Indebtedness, Disqualified Stock or Preferred Stock in more than one of the types of Indebtedness, Disqualified Stock or Preferred Stock described above in this Section 4.10.

#### Section 4.11 Limitation on Asset Sales.

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

(1) the Company or such Restricted Subsidiary receives consideration at the time of such Asset Sale at least equal to the fair market value of the assets or Equity Interests issued or sold or otherwise disposed of;

(2) such fair market value is determined by the Board of Directors of the Company; and

(3) at least 75.0% of the consideration therefor received by the Company or such Restricted Subsidiary is in the form of cash, Cash Equivalents or readily marketable securities.

For purposes of this Section 4.11, each of the following shall be deemed to be cash:

(a) any liabilities (as shown on the Company's or such Restricted Subsidiary's most recent balance sheet) of the Company or any Restricted Subsidiary thereof (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes)

that are assumed by the transferee of any such assets pursuant to a customary novation agreement that releases the Company or such Restricted Subsidiary from further liability;

(b) any securities, notes or other obligations received by the Company or any such Restricted Subsidiary from such transferee that are converted by the recipient thereof into cash, Cash Equivalents or readily marketable securities within 180 days after receipt thereof (to the extent of the cash, Cash Equivalents or readily marketable securities received in that conversion);

(c) Productive Assets; and

(d) any Designated Noncash Consideration received by the Issuers or any Restricted Subsidiary in such Asset Sale having an aggregate fair market value, taken together with all other Designated Noncash Consideration received pursuant to this clause (d) that is at that time outstanding, not to exceed the greater of \$500.0 million and 3.0% of Total Assets, with the fair market value of each item of Designated Noncash Consideration being measured at the time received and without giving effect to subsequent changes in value.

Within 365 days after the receipt of any Net Proceeds from an Asset Sale, the Company or a Restricted Subsidiary thereof may apply such Net Proceeds at its option:

(1) to repay or otherwise retire debt under the Credit Facilities or any other Indebtedness of the Restricted Subsidiaries of the Company (other than Indebtedness represented solely by a guarantee of a Restricted Subsidiary of the Company); or

(2) to invest in Productive Assets; *provided* that any such amount of Net Proceeds which the Company or a Restricted Subsidiary thereof has committed to invest in Productive Assets within 365 days of the applicable Asset Sale may be invested in Productive Assets within two years of such Asset Sale.

The amount of any Net Proceeds received from Asset Sales that are not applied or invested as provided in the preceding paragraph shall constitute "*Excess Proceeds*." When the aggregate amount of Excess Proceeds exceeds \$25.0 million, the Company shall make an Asset Sale Offer to all Holders and all holders of other Indebtedness that is of equal priority with the Notes containing provisions requiring offers to purchase or redeem with the proceeds of sales of assets to purchase the maximum principal amount of Notes and such other Indebtedness of equal priority that may be purchased out of the Excess Proceeds, which amount includes the entire amount of the Net Proceeds. The offer price in any Asset Sale Offer shall be payable in cash and equal to 100.0% of the principal amount of the subject Notes plus accrued and unpaid interest, if any, to the date of purchase. If the aggregate principal amount of Notes and such other Indebtedness of equal priority tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, the Trustee shall select the Notes and such other Indebtedness of equal priority to be purchased on a *pro rata* basis.

If any Excess Proceeds remain after consummation of an Asset Sale Offer, then the Company or any Restricted Subsidiary thereof may use such remaining Excess Proceeds for

any purpose not otherwise prohibited by this Supplemental Indenture. Upon completion of any Asset Sale Offer, the amount of Excess Proceeds shall be reset at zero.

In the event that the Company shall be required to commence an offer to Holders to purchase Notes pursuant to this Section 4.11, it shall follow the procedures specified in Sections 3.01 through 3.09.

Section 4.12 [Reserved].

Section 4.13 Transactions with Affiliates.

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate (each, an "*Affiliate Transaction*"), unless:

(1) such Affiliate Transaction is on terms, taken as a whole, that are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or such Restricted Subsidiary with an unrelated Person; and

(2) the Company delivers to the Trustee:

(a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration given or received by the Company or any such Restricted Subsidiary in excess of \$25.0 million, a resolution of the Board of Directors of the Company or CCI set forth in an Officers' Certificate certifying that such Affiliate Transaction complies with this Section 4.13 and that such Affiliate Transaction has been approved by a majority of the members of such Board of Directors; and

(b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration given or received by the Company or any Restricted Subsidiary in excess of \$100.0 million, an opinion as to the fairness to the Company of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of national standing.

The following items shall not be deemed to be Affiliate Transactions and, therefore, shall not be subject to the provisions of the prior paragraph:

(1) any existing employment agreement entered into by the Company or any of its Subsidiaries and any employment agreement entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business;

(2) transactions between or among the Company and/or its Restricted Subsidiaries;



(3) payment of reasonable directors fees to Persons who are not otherwise Affiliates of the Company and customary indemnification and insurance arrangements in favor of directors and officers, regardless of affiliation with the Company or any of its Restricted Subsidiaries;

(4) payment of Management Fees;

(5) Restricted Payments that are permitted by Section 4.07 and Restricted Investments that are permitted by Section 4.08;

(6) Permitted Investments;

(7) transactions pursuant to, and the performance of, agreements existing on the Issue Date, as in effect on the Issue Date, or as subsequently modified, supplemented, or amended, to the extent that any such modifications, supplements or amendments complied with the applicable provisions of the first paragraph of this Section 4.13;

(8) the assignment and assumption of contracts (which contracts are entered into prior to the Issue Date on an arms-length basis in the ordinary course of business of the relevant Parent), reasonably related to the business of the Company and the assignment and assumption of which would not result in the incurrence of any Indebtedness by the Company or any Restricted Subsidiary to a Restricted Subsidiary by a Parent;

(9) transactions with a Person that is an Affiliate solely as a result of the fact that the Company or a Restricted Subsidiary controls or otherwise owns Equity Interests of such Person;

(10) equity contributions in, and the issuance of Equity Interests of, the Company; and

(11) any (x) purchases of any class of Indebtedness from, or lending of any class of Indebtedness to, the Company or any of its Restricted Subsidiaries so long as the amount of Indebtedness of such class purchased or loaned by such Affiliates does not exceed 25% of the applicable class of Indebtedness offered to non-Affiliate investors generally and (y) repurchases, redemptions or other retirements for value by the Company or any of its Restricted Subsidiaries of Indebtedness of any class held by any Affiliate of the Company so long as such repurchase, redemption or other retirement for value is on the same terms as are made available to investors holding such class of Indebtedness generally and Affiliates hold no more than 25% of such class of Indebtedness.

#### Section 4.14 Liens.

The Company shall not, directly or indirectly, create, incur, assume or suffer to exist any Lien of any kind securing Indebtedness, Attributable Debt or trade payables on any asset of the Company, whether owned on the Issue Date or thereafter acquired, except Permitted Liens.

#### Section 4.15 Existence.

Subject to, and as permitted under, Article 5, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect its limited liability company existence, and the corporate, partnership or other existence of each of its Subsidiaries, in accordance with the respective organizational documents (as the same may be amended from time to time) of the Company or any such Subsidiary; *provided, however*, that the Company shall not be required to preserve or keep the corporate, partnership or other existence of any of its Subsidiaries (other than Capital Corp if the other Issuer is not then a corporation), if the Company shall determine that the preservation or keeping thereof is no longer desirable in the conduct of the business of the Company and its Subsidiaries, taken as a whole, and that the loss thereof is not adverse in any material respect to the Company and its Restricted Subsidiaries, taken as a whole.

#### Section 4.16 Repurchase at the Option of Holders upon a Change of Control Triggering Event.

If a Change of Control Triggering Event occurs, each Holder shall have the right to require the Issuers to repurchase all or any part (equal to \$2,000 or an integral multiple of \$1,000 in excess thereof) of that Holder's Notes pursuant to a "Change of Control Offer." In the Change of Control Offer, the Issuers shall offer a "Change of Control Payment" in cash equal to 101% of the aggregate principal amount of Notes repurchased *plus* accrued and unpaid interest thereon, if any, to the date of purchase.

Within ten days following any Change of Control Triggering Event, the Issuers shall mail a notice to each Holder (with a copy to the Trustee) describing the transaction or transactions that constitute the Change of Control Triggering Event and stating:

- (1) the purchase price and the purchase date, which shall not exceed 30 Business Days from the date such notice is mailed (the "*Change of Control Payment Date*");
- (2) that any Note not tendered shall continue to accrue interest;
- (3) that, unless the Issuers default in the payment of the Change of Control Payment, all Notes accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Payment Date;
- (4) that Holders electing to have any Notes purchased pursuant to a Change of Control Offer shall be required to surrender the Notes, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Notes completed, to the Paying Agent at the address specified in the notice prior to the close of business on the third Business Day preceding the Change of Control Payment Date;
- (5) that Holders shall be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the second Business Day preceding the Change of Control Payment Date, a facsimile transmission or letter setting forth the name of the Holder, the principal amount of Notes delivered for purchase, and a statement that such Holder is withdrawing his election to have the Notes purchased; and

(6) that Holders whose Notes are being purchased only in part shall be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered, which unpurchased portion must be equal to \$2,000 in principal amount or an integral multiple of \$1,000 in excess thereof.

The Issuers shall comply with the requirements of Rule 14e-1 under the Exchange Act (or any successor rules) and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control Triggering Event. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Section 4.16, the Issuers' compliance with such laws and regulations shall not in and of itself cause a breach of their obligations under this Section 4.16.

On the Change of Control Payment Date, the Issuers shall, to the extent lawful:

- (1) accept for payment all Notes or portions thereof properly tendered pursuant to the Change of Control Offer;
- (2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions thereof so tendered; and
- (3) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Issuers.

The Paying Agent shall promptly pay to each Holder of Notes so tendered the Change of Control Payment for such Notes, and the Trustee shall promptly authenticate and mail (or cause to be transferred by book entry) to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; *provided* that each such new Note shall be in a principal amount of \$2,000 or an integral multiple of \$1,000 in excess thereof. The Issuers shall publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

The provisions described above that require the Issuers to make a Change of Control Offer following a Change of Control Triggering Event shall be applicable regardless of whether or not any other provisions in this Supplemental Indenture are applicable. Except as described above with respect to a Change of Control Triggering Event, this Supplemental Indenture does not contain provisions that permit Holders to require that the Issuers repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

Notwithstanding any other provision of this Section 4.16, the Issuers shall not be required to make a Change of Control Offer upon a Change of Control Triggering Event if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Supplemental Indenture applicable to a Change of Control Offer made by the Issuers and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

In the event that Holders of not less than 90% of the aggregate principal amount of the outstanding Notes accept a Change of Control Offer and the Issuers purchase all of the Notes held by such Holders, the Issuers will have the right, upon not less than 10 nor more than 60 days' prior notice, given not more than 30 days following the purchase pursuant to the Change of Control Offer described above, to redeem all of the Notes that remain outstanding following such purchase at a redemption price equal to the Change of Control Payment plus, to the extent not included in the Change of Control Payment, accrued and unpaid interest on the Notes that remain outstanding, to, but not including, the date of redemption (subject to the right of Holders of record on the relevant record date to receive interest due on an interest payment date that is on or prior to the redemption date).

#### Section 4.17 Limitations on Issuances of Guarantees of Indebtedness.

The Company shall not permit any of its Restricted Subsidiaries, directly or indirectly, to Guarantee any other Indebtedness of the Company except in respect of the Credit Facilities of the Company (the “*Guaranteed Indebtedness*”) unless:

(1) such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture providing for the Guarantee (a “*Subsidiary Guarantee*”) of the payment of the Notes by such Restricted Subsidiary, and

(2) until one year after all the Notes have been paid in full in cash, such Restricted Subsidiary waives and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Company or any other Restricted Subsidiary thereof as a result of any payment by such Restricted Subsidiary under its Subsidiary Guarantee; *provided* that this paragraph shall not be applicable to any Guarantee or any Restricted Subsidiary that existed at the time such Person became a Restricted Subsidiary and was not incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary.

If the Guaranteed Indebtedness is subordinated to the Notes, then the Guarantee of such Guaranteed Indebtedness shall be subordinated to the Subsidiary Guarantee at least to the extent that the Guaranteed Indebtedness is subordinated to the Notes.

If any Guarantor is released from its obligations on Guaranteed Indebtedness it shall be automatically released from its obligation with respect to its Guarantee of the Notes hereunder.

#### Section 4.18 [Reserved].

#### Section 4.19 Suspension of Covenants.

During any period of time that (a) any Notes have an Investment Grade Rating from both Rating Agencies and (b) no Default or Event of Default has occurred and is continuing, the Company and its Restricted Subsidiaries shall not be subject to the provisions of Sections 4.07, 4.08, 4.09, 4.10, 4.11, 4.13 and clause (D) of the first paragraph of Section 5.01 (collectively, the “*Suspended Covenants*”).

If the Company and its Restricted Subsidiaries are not subject to the Suspended Covenants for any period of time as a result of the previous sentence and, subsequently, one or both of the Rating Agencies withdraw their ratings or downgrades the ratings assigned to the Notes below the required Investment Grade Ratings or a Default or Event of Default occurs and is continuing, then the Company and its Restricted Subsidiaries shall thereafter again be subject to the Suspended Covenants. The ability of the Company and its Restricted Subsidiaries to make Restricted Payments after the time of such withdrawal, downgrade, Default or Event of Default shall be calculated in accordance with the terms of Section 4.07 as though such covenant had been in effect during the entire period of time from the Issue Date.

## ARTICLE 5

### SUCCESSORS

With respect to the Notes only, Section 5.01 of the Base Indenture is hereby replaced with the following:

#### Section 5.01 Merger, Consolidation or Sale of Assets.

Neither Issuer may, directly or indirectly: (1) consolidate or merge with or into another Person or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of its properties or assets, in one or more related transactions, to another Person; unless:

(A) either:

(i) such Issuer is the surviving Person; or

(ii) the Person formed by or surviving any such consolidation or merger (if other than such Issuer) or to which such sale, assignment, transfer, conveyance or other disposition shall have been made is a Person organized or existing under the laws of the United States, any state thereof or the District of Columbia, *provided* that if the Person formed by or surviving any such consolidation or merger with such Issuer is a limited liability company or a Person other than a corporation, a corporate co-issuer shall also be an obligor with respect to the Notes;

(B) the Person formed by or surviving any such consolidation or merger (if other than such Issuer) or the Person to which such sale, assignment, transfer, conveyance or other disposition shall have been made assumes all the obligations of such Issuer under the Notes and this Supplemental Indenture pursuant to agreements reasonably satisfactory to the Trustee;

(C) immediately after such transaction no Default or Event of Default exists; and

(D) such Issuer or the Person formed by or surviving any such consolidation or merger (if other than such Issuer) will, on the date of such transaction after giving *pro forma* effect thereto and any related financing transactions as if the same had occurred at the beginning of the most recently ended fiscal quarter,

(x) be permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Leverage Ratio test set forth in the first paragraph of Section 4.10; or

(y) have a Leverage Ratio immediately after giving effect to such consolidation or merger no greater than the Leverage Ratio immediately prior to such consolidation or merger.

In addition, the Company may not, directly or indirectly, lease all or substantially all of its properties or assets, in one or more related transactions, to any other Person. The foregoing clause (D) of this Section 5.01 shall not apply to a sale, assignment, transfer, conveyance or other disposition of assets between or among the Company and any of its Wholly Owned Restricted Subsidiaries.

## **ARTICLE 6**

### **DEFAULTS AND REMEDIES**

With respect to the Notes only, the following clause (9) is hereby added to Section 6.01 of the Base Indenture:

Section 6.01 Events of Default.

(9) failure by the Company or any of its Restricted Subsidiaries to comply with the provisions of Section 4.16 or 5.01.

## **ARTICLE 7**

### **TRUSTEE**

With respect to the Notes only, Article 7 of the Base Indenture is hereby replaced with the following:

Section 7.01 Duties of Trustee.

(1) If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Supplemental Indenture, and use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(2) Except during the continuance of an Event of Default:

(a) the duties of the Trustee shall be determined solely by the express provisions of this Supplemental Indenture and the Trustee need perform only those duties that are specifically set forth in this Supplemental Indenture and no others, and no implied covenants or obligations shall be read into this Supplemental Indenture against the Trustee; and

(b) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions required to be furnished to the Trustee hereunder and conforming to the requirements of this Supplemental Indenture. However, in the case of certificates or opinions specifically required by any provision hereof to be furnished to it, the Trustee shall examine such certificates and opinions to determine whether or not they conform to the requirements of this Supplemental Indenture (but need not confirm or investigate the accuracy of any mathematical calculations or other facts stated therein).

(3) The Trustee may not be relieved from liabilities for its own gross negligent action, its own gross negligent failure to act, or its own willful misconduct, except that:

(a) this paragraph (3) does not limit the effect of paragraph (2) of this Section 7.01;

(b) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was grossly negligent in ascertaining the pertinent facts; and

(c) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05.

(4) Whether or not therein expressly so provided, every provision of this Supplemental Indenture that in any way relates to the Trustee is subject to paragraphs (1), (2), and (3) of this Section 7.01.

(5) No provision of this Supplemental Indenture shall require the Trustee to expend or risk its own funds or incur any liability. The Trustee shall be under no obligation to exercise any of its rights and powers under this Supplemental Indenture at the request of any Holders, unless such Holder shall have offered to the Trustee security and indemnity satisfactory to it against any loss, liability, claim, damage or expense.

(6) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Issuers. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

(7) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or documents.

#### Section 7.02 Rights of Trustee.

(1) The Trustee may conclusively rely and shall be protected in acting or refraining from acting upon any document (whether in its original or facsimile form) believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document.

(2) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel or both. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officers' Certificate or Opinion of Counsel. The Trustee may consult with counsel of its own selection and the written advice or opinion of such counsel or any Opinion of Counsel shall be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(3) The Trustee may act through its attorneys and agents and shall not be responsible for the misconduct or negligence of any agent appointed with due care.

(4) The Trustee shall not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within the rights or powers conferred upon it by this Supplemental Indenture.

(5) Unless otherwise specifically provided in this Supplemental Indenture, any demand, request, direction or notice from either of the Issuers shall be sufficient if signed by an Officer of such Issuer.

(6) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Supplemental Indenture at the request or direction of any of Holder unless such Holder shall have offered to the Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities that might be incurred by it in compliance with such request or direction.

(7) The Trustee shall not be charged with knowledge of any Default or Event of Default unless either (a) a Responsible Officer of the Trustee shall have actual knowledge of such Default or Event of Default or (b) written notice of such Default or Event of Default shall have been given to and received at the Corporate Trust Office of the Trustee by the Issuers or any Holder and such notice references the Notes and this Supplemental Indenture.

(8) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Issuers, personally or by agent or attorney at the sole cost of the Issuers and shall incur no liability or additional liability of any kind by reason of such inquiry or investigation.

(9) In no event shall the Trustee be responsible or liable for special, indirect, or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(10) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be



enforceable by, the Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder.

(11) The Trustee may request that the Issuers deliver certificates setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Supplemental Indenture.

#### Section 7.03 Individual Rights of Trustee.

The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Issuers or any Affiliate of the Issuers with the same rights it would have if it were not Trustee. However, in the event that the Trustee acquires any conflicting interest, it must eliminate such conflict within 90 days and apply to the SEC for permission to continue as trustee or resign. Any Agent may do the same with like rights and duties. The Trustee is also subject to Sections 7.10 and 7.11.

#### Section 7.04 Trustee's Disclaimer.

The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Supplemental Indenture or the Notes, it shall not be accountable for the Issuers' use of the proceeds from the Notes or any money paid to the Issuers or upon the Issuers' direction under any provision of this Supplemental Indenture, it shall not be responsible for the use or application of any money received by any Paying Agent other than the Trustee, and it shall not be responsible for any statement or recital herein or any statement in the Notes or any other document in connection with the sale of the Notes or pursuant to this Supplemental Indenture other than its certificate of authentication.

#### Section 7.05 Notice of Defaults.

If a Default or Event of Default occurs and is continuing and if it is known to a Responsible Officer of the Trustee, the Trustee shall mail to Holders a notice of the Default or Event of Default within 90 days after the Trustee acquires knowledge thereof. Except in the case of a Default or Event of Default in payment of principal of, premium, if any, or interest on any Note, the Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of Holders.

#### Section 7.06 Reports by Trustee to Holders.

By March 15th of each year, and for so long as any Notes remain outstanding, the Trustee shall mail to Holders a brief report dated as of such reporting date that complies with TIA § 313(a) (but if no event described in TIA § 313(a) has occurred within the twelve months preceding the reporting date, no report need be transmitted). The Trustee also shall comply with TIA § 313(b)(2). The Trustee shall also transmit by mail all reports as required by TIA § 313(c).

A copy of each report at the time of its mailing to Holders shall be mailed to the Company and filed with the SEC and each stock exchange on which the Notes are listed in accordance with TIA § 313(d). The Issuers shall promptly notify the Trustee when the Notes are listed or delisted on any stock exchange.

## Section 7.07 Compensation and Indemnity.

The Issuers shall pay to the Trustee from time to time compensation as agreed upon in writing for its acceptance of this Supplemental Indenture and services hereunder. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Issuers shall reimburse the Trustee promptly upon request for all disbursements, advances and expenses incurred or made by it in addition to the compensation for its services. Such expenses shall include the reasonable compensation, disbursements and expenses of the Trustee's agents and counsel.

The Issuers and the Parent Guarantor shall, jointly and severally, indemnify the Trustee and any predecessor trustee against any and all losses, liabilities, claims, damages or expenses (including reasonable legal fees and expenses) including taxes (other than taxes based upon, measured by or determined by the income of the Trustee) incurred by it arising out of or in connection with the acceptance or administration of its duties under this Supplemental Indenture, including the costs and expenses of enforcing this Supplemental Indenture against the Issuers (including this Section 7.07) and defending itself against any claim (whether asserted by the Issuers or any Holder or any other person) or liability in connection with the exercise or performance of any of its powers or duties hereunder, except to the extent any such loss, damage, claim, liability or expense determined to have been caused by its own gross negligence or willful misconduct. The Trustee shall notify the Issuers promptly of any claim for which it may seek indemnity of which a Responsible Officer has received written notice. Failure by the Trustee to so notify the Issuers shall not relieve the Issuers of their obligations hereunder. The Issuers shall defend the claim and the Trustee shall cooperate in the defense. The Trustee may have separate counsel and the Issuers shall pay the reasonable fees and expenses of such counsel. The Issuers need not pay for any settlement made without their consent, which consent shall not be unreasonably withheld.

The obligations of the Issuers in this Section 7.07 shall survive resignation or removal of the Trustee and the satisfaction, discharge or termination of this Supplemental Indenture.

To secure the Issuers' payment obligations in this Section 7.07, the Trustee shall have a Lien prior to the Notes on all money or property held or collected by the Trustee, except such money or property held in trust by the Trustee to pay the principal of and interest on any Notes. Such Lien shall survive the resignation or removal of the Trustee and the satisfaction and discharge of this Supplemental Indenture.

When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.01(7) or (8) occurs, the expenses and the compensation for the services (including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under any Bankruptcy Law.

The Trustee shall comply with the provisions of TIA § 313(b)(2) to the extent applicable.

Section 7.08 Replacement of the Trustee.

A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 7.08.

The Trustee may resign in writing at any time and be discharged from the trust hereby created by so notifying the Issuers. The Holders of a majority in principal amount of the then outstanding Notes may remove the Trustee by so notifying the Trustee and the Issuers in writing. The Issuers may remove the Trustee if:

- (a) the Trustee fails to comply with Section 7.10;
- (b) the Trustee is adjudged as bankrupt or as insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;
- (c) a custodian or public officer takes charge of the Trustee or its property; or
- (d) the Trustee becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Issuers shall promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in principal amount of the then outstanding Notes may appoint a successor Trustee to replace the successor Trustee appointed by the Issuers.

If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Issuers or the Holders of at least 10% in principal amount of the then outstanding Notes may petition at the expense of the Issuers any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee, after written request by any Holder who has been a Holder for at least six months, fails to comply with Section 7.10, such Holder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Issuers. Thereupon, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Supplemental Indenture. The successor Trustee shall mail a notice of its succession to Holders. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee; *provided* all sums owing to the Trustee hereunder have been paid and subject to the Lien provided for in Section 7.07. Notwithstanding replacement of the Trustee pursuant to this Section 7.08, the Issuers' obligations under Section 7.07 shall continue for the benefit of the retiring Trustee.

Section 7.09 Successor Trustee by Merger, etc. If the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the successor corporation without any further act shall be the successor Trustee.

Section 7.10 Eligibility; Disqualification. There shall at all times be a Trustee hereunder that is a corporation organized and doing business under the laws of the United States of America or of any state thereof that is authorized under such laws to exercise corporate trustee power, that is subject to supervision or examination by federal or state authorities and that has a combined capital and surplus of at least \$100.0 million as set forth in its most recent published annual report of condition.

This Supplemental Indenture shall always have a Trustee who satisfies the requirements of TIA §§ 310(a)(1), (2) and (5). The Trustee is subject to TIA § 310(b).

Section 7.11 Preferential Collection of Claims Against the Issuers. The Trustee is subject to TIA § 311(a), excluding any creditor relationship listed in TIA § 311(b). A Trustee who has resigned or been removed shall be subject to TIA § 311(a) to the extent indicated therein.

## **ARTICLE 8**

### **LEGAL DEFEASANCE AND COVENANT DEFEASANCE**

With respect to the Notes only, Section 8.03 of the Base Indenture is hereby replaced with the following:

#### Section 8.03 Covenant Defeasance.

Upon the Issuers' exercise under Section 8.01 of the option applicable to this Section 8.03, the Issuers shall, subject to the satisfaction of the conditions set forth in Section 8.04, be released from their obligations under the covenants contained in Article 5 and Sections 4.03, 4.07, 4.08, 4.09, 4.10, 4.11, 4.13, 4.14, 4.16, 4.17 and 4.19 with respect to the outstanding Notes on and after the date the conditions set forth in Section 8.04 are satisfied (hereinafter, "*Covenant Defeasance*"), and the Notes shall thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Notes shall not be deemed outstanding for accounting purposes). For this purpose, Covenant Defeasance means that, with respect to the outstanding Notes, the Issuers may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 6.01, but, except as specified above, the remainder of this Supplemental Indenture and such Notes shall be unaffected thereby. In addition, upon the Issuers' exercise under Section 8.01 of the option applicable to this Section 8.03, subject to the satisfaction of the conditions set forth in Section 8.04, Sections 6.01(3) through 6.01(5) and 6.01(8) shall not constitute Events of Default.

## ARTICLE 9

### AMENDMENT, SUPPLEMENT AND WAIVER

With respect to the Notes only, clause (3) of Section 9.01 of the Base Indenture is hereby replaced with the following:

Section 9.01 Without Consent of Holders of Notes.

(3) to provide for or confirm the issuance of Additional Notes or the Exchange Notes;

With respect to the Notes and any other series of Notes, clauses (2) and (7) of Section 9.02 of the Base Indenture are hereby replaced with the following:

Section 9.02 With Consent of Holders of Notes.

(2) reduce the principal of or change the fixed maturity of any Note or alter the payment provisions with respect to the redemption of the Notes (other than a payment required by Section 3.09, Section 4.11, or Section 4.16 of this Supplemental Indenture or the supplemental indentures with respect to the Base Indenture entered into prior to the date hereof);

(7) waive a redemption payment with respect to any Note (other than a payment required by Section 3.09, Section 4.11, or Section 4.16 of this Supplemental Indenture or the supplemental indentures with respect to the Base Indenture entered into prior to the date hereof); or

## ARTICLE 11

### MISCELLANEOUS

With respect to the Notes only, Section 11.13 of the Base Indenture is hereby replaced with the following:

Section 11.13 Table of Contents, Headings, etc. The Table of Contents, Cross-Reference Table and headings of the Articles and Sections of this Supplemental Indenture and the Base Indenture have been inserted for convenience of reference only, are not to be considered a part of this Supplemental Indenture or the Base Indenture and shall in no way modify or restrict any of the terms or provisions. Unless otherwise expressly specified, references in this Supplemental Indenture to specific Articles, Sections or clauses refer to Articles, Sections and clauses contained in this Supplemental Indenture, unless such Article, Section or clause is incorporated herein by reference to the Base Indenture or no such Article, Section or clause appears in this Supplemental Indenture, in which case such references refer to the applicable section of the Base Indenture.

With respect to the Notes only, the following Section 11.16 is hereby added to Article 11 of the Base Indenture:

Section 11.16 Supplemental Indenture Controls.

In case any provision of this Supplemental Indenture conflicts with any provision of the Base Indenture, the provisions of this Supplemental Indenture shall govern and be controlling, solely with respect to the Notes (and the Parent Guarantee and any Subsidiary Guarantees endorsed thereon).

**ARTICLE 12**

**SATISFACTION AND DISCHARGE**

Section 12.01 Satisfaction and Discharge of Supplemental Indenture

This Supplemental Indenture shall cease to be of further effect (except as to any surviving rights of registration of transfer or exchange of Notes herein expressly provided for), and the Trustee, on demand of and at the expense of the Issuers, shall execute proper instruments acknowledging satisfaction and discharge of this Supplemental Indenture, when

(1) either

(a) all Notes theretofore authenticated and delivered (other than (i) Notes which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 2.07 and (ii) Notes for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuers and thereafter repaid to the Issuers or discharged from such trust) have been delivered to the Trustee for cancellation; or

(b) all such Notes not theretofore delivered to the Trustee for cancellation

(i) have become due and payable, or

(ii) will become due and payable at their Stated Maturity within one year, or

(iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuers,

and the Issuers, in the case of (i), (ii) or (iii) above, have deposited or caused to be deposited with the Trustee as trust funds in trust for the purpose an amount sufficient to pay and discharge the entire indebtedness on such Notes not theretofore delivered to the Trustee for cancellation, for principal (and premium, if any) and interest to the date of such deposit (in the case of Notes which have become due and payable) or to the maturity or redemption thereof, as the case may be;

(2) the Issuers have paid or caused to be paid all other sums payable hereunder by the Issuers; and

(3) each of the Issuers has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Supplemental Indenture have been complied with.

Notwithstanding the satisfaction and discharge of this Supplemental Indenture pursuant to this Article 12, the obligations of the Issuers to the Trustee under Section 7.07, and, if money shall have been deposited with the Trustee pursuant to subclause (b) of clause (1) of this Section 12.01, the obligations of the Trustee under Section 12.02 shall survive such satisfaction and discharge.

Section 12.02 Application of Trust Money.

All money deposited with the Trustee pursuant to Section 12.01 shall be held in trust and applied by it, in accordance with the provisions of the Notes and this Supplemental Indenture, to the payment, either directly or through any Paying Agent as the Trustee may determine, to the Persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such money has been deposited with the Trustee.

[Signatures on following page]

Dated as of December 17, 2012

CCO HOLDINGS, LLC, as an Issuer

By: /s/ Matt L. Derdeyn  
Name: Matt L. Derdeyn  
Title: Senior Vice President - Corporate Finance

CCO HOLDINGS CAPITAL CORP., as an Issuer

By: /s/ Matt L. Derdeyn  
Name: Matt L. Derdeyn  
Title: Senior Vice President - Corporate Finance

CHARTER COMMUNICATIONS, INC., as Guarantor, with respect to Article 10 and  
Section 7.07 only

By: /s/ Matt L. Derdeyn  
Name: Matt L. Derdeyn  
Title: Senior Vice President - Corporate Finance



THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

By: /s/ Teresa Petta

Name: Teresa Petta

Title: Vice President

**EXHIBIT A**

[THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE SUPPLEMENTAL INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (1) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06 OF THE SUPPLEMENTAL INDENTURE, (2) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(a) OF THE SUPPLEMENTAL INDENTURE, (3) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE SUPPLEMENTAL INDENTURE AND (4) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE ISSUERS. UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) (“DTC”), TO THE ISSUERS OR THEIR AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]<sup>1</sup>

[THE NOTE (OR ITS PREDECESSOR) EVIDENCED HEREBY WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER SECTION 5 OF THE UNITED STATES SECURITIES ACT OF 1933,

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<sup>1</sup> Include Global Note Legend, if applicable.

AS AMENDED (THE "SECURITIES ACT"), AND THE NOTE EVIDENCED HEREBY MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THE NOTES EVIDENCED HEREBY IS HEREBY NOTIFIED THAT THE SELLER MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER. THE HOLDER OF THE NOTES EVIDENCED HEREBY AGREES FOR THE BENEFIT OF THE ISSUERS THAT (A) SUCH SECURITY MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (I) (A) TO A PERSON WHO IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (B) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144 UNDER THE SECURITIES ACT, (C) OUTSIDE THE UNITED STATES TO A NON-U.S. PERSON IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 904 UNDER THE SECURITIES ACT, OR (D) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL IF THE ISSUERS SO REQUEST), (II) TO THE ISSUERS, OR (III) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT AND, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER FROM IT OF THE NOTES EVIDENCED HEREBY OF THE RESALE RESTRICTIONS SET FORTH IN CLAUSE (A) ABOVE. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR RESALE OF THE NOTE EVIDENCED HEREBY.]<sup>2</sup>

[THIS NOTE (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION ORIGINALLY EXEMPT FROM REGISTRATION UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE TRANSFERRED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON EXCEPT PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ALL APPLICABLE STATE SECURITIES LAWS. TERMS USED ABOVE HAVE

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<sup>2</sup> Include Private Placement Legend, if applicable.

THE MEANINGS GIVEN TO THEM IN REGULATION S UNDER THE SECURITIES ACT.]<sup>3</sup>

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<sup>3</sup> Include Regulation S Legend, if applicable.

[Face of Note]  
CUSIP NO. [ ]

5.125% Senior Notes due 2023

No [ ].

[\$ ]

**CCO HOLDINGS, LLC**

and

**CCO HOLDINGS CAPITAL CORP.**

promise to pay to CEDE & CO. or to registered assigns the principal amount of \$[ ] Dollars on February 15, 2023

Interest Payment Dates: February 15 and August 15

Record Dates: January 30 and July 30

Subject to Restrictions set forth in this Note.

IN WITNESS WHEREOF, each of CCO Holdings, LLC and CCO Holdings Capital Corp. has caused this instrument to be duly executed.

Dated: [    ]

CCO HOLDINGS, LLC

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

CCO HOLDINGS CAPITAL CORP.

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

This is one of the Notes referred to  
in the within-mentioned Supplemental Indenture:

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,  
as Trustee

By: \_\_\_\_\_  
Authorized Signatory

5.125% Senior Note due 2023

Capitalized terms used herein shall have the meanings assigned to them in the Supplemental Indenture referred to below unless otherwise indicated.

1. INTEREST. CCO Holdings, LLC, a Delaware limited liability company (the “*Company*”), and CCO Holdings Capital Corp., a Delaware corporation (“*Capital Corp*” and, together with the Company, the “*Issuers*”), promise to pay interest on the principal amount of this Note at the rate of 5.125% per annum from the Issue Date until maturity. The interest rate on the Notes is subject to increase pursuant to the provisions of a Registration Rights Agreement, as applicable. The Issuers will pay interest semi-annually in arrears on February 15 and August 15 of each year (each an “*Interest Payment Date*”), or if any such day is not a Business Day, on the next succeeding Business Day. Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of issuance; *provided* that if there is no existing Default in the payment of interest, and if this Note is authenticated between a record date referred to on the face and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date; *provided, further*, that the first Interest Payment Date shall be February 15, 2013. The Issuers shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal and premium, if any, from time to time on demand at a rate that is 1.00% per annum in excess of the rate then in effect; they shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest (without regard to any applicable grace periods) from time to time on demand at the same rate to the extent lawful. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

2. METHOD OF PAYMENT. The Issuers shall pay interest on the Notes (except defaulted interest) to the Persons who are registered Holders at the close of business on January 30 or July 30 next preceding the Interest Payment Date, even if such Notes are canceled after such record date and on or before such Interest Payment Date, except as provided in Section 2.12 of the Supplemental Indenture with respect to defaulted interest. The Notes will be payable as to principal, premium, if any, and interest at the office or agency of the Issuers maintained for such purpose within or without the City and State of New York, or, at the option of the Issuers, payment of interest may be made by check mailed to the Holders at their addresses set forth in the register of Holders, and *provided* that payment by wire transfer of immediately available funds will be required with respect to principal of and interest and premium on all Global Notes and all other Notes the Holders of which shall have provided wire transfer instructions to the Issuers or the Paying Agent. Such payment shall be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

3. **PAYING AGENT AND REGISTRAR.** Initially, The Bank of New York Mellon Trust Company, N.A., the Trustee under the Supplemental Indenture, will act as Paying Agent and Registrar. The Issuers may change any Paying Agent or Registrar without notice to any Holder. The Company or any of its Subsidiaries may act in any such capacity.

4. **INDENTURE.** The Issuers issued the Notes under an Indenture dated as of May 10, 2011 (the “*Base Indenture*”), as supplemented by the Fifth Supplemental Indenture dated as of December 17, 2012 (the “*Supplemental Indenture*”), among the Issuers, Charter Communications, Inc., a Delaware corporation, as guarantor, and the Trustee. The terms of the Notes include those stated in the Supplemental Indenture and those made part of the Supplemental Indenture by reference to the Trust Indenture Act of 1939, as amended (15 U.S. Code §§ 77aaa-77bbbb). The Notes are subject to all such terms, and Holders are referred to the Supplemental Indenture and such Act for a statement of such terms. To the extent any provision of this Note conflicts with the express provisions of the Supplemental Indenture, the provisions of the Supplemental Indenture shall govern and be controlling.

5. **OPTIONAL REDEMPTION.**

(a) On or after February 15, 2018, the Issuers shall have the option to redeem the Notes, in whole or in part, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest thereon, if any, to the applicable redemption date, if redeemed during the twelve month period beginning on February 15 of the years indicated below:

<u>Year</u>	<u>Percentage</u>
2018	102.563%
2019	101.708%
2020	100.854%
2021 and thereafter	100%

(b) At any time prior to February 15, 2016, the Issuers may on any one or more occasions redeem up to 35% of the aggregate principal amount of the Notes (including the principal amount of any Additional Notes), at a redemption price of 105.125% of the principal amount thereof, plus accrued and unpaid interest to the redemption date, with the net cash proceeds of one or more Equity Offerings; *provided* that:

(1) at least 65% of the original aggregate principal amount of Notes (including the principal amount of any Additional Notes) issued under the Supplemental Indenture remains outstanding immediately after the occurrence of such redemption (excluding Notes held by the Issuers and their Subsidiaries); and

(2) the redemption must occur within 180 days of the date of the closing of such Equity Offering.



(c) At any time and from time to time prior to February 15, 2018, the Issuers may redeem outstanding Notes, in whole or in part, at a redemption price equal to 100% of the principal amount thereof *plus* accrued and unpaid interest, if any, on such Notes to the redemption date *plus* the Make-Whole Premium.

(d) In the event that the Issuers have made a Change of Control Offer pursuant to Section 4.16 of the Supplemental Indenture, and have purchased not less than 90% of the then outstanding Notes pursuant to such Change of Control Offer, the Issuers may, upon not less than 10 nor more than 60 days' prior notice, given not more than 30 days following the applicable Change of Control Payment Date, redeem all of the Notes that remain outstanding following such Change of Control Payment Date at a redemption price equal to 101% of the principal amount of the Notes so redeemed plus accrued and unpaid interest on the Notes so redeemed to the redemption date.

6. MANDATORY REDEMPTION. Except as otherwise provided in Paragraph 7 below, the Issuers shall not be required to make mandatory redemption payments with respect to the Notes.

7. REPURCHASE AT OPTION OF HOLDER.

(a) If there is a Change of Control, the Issuers shall make an offer to repurchase all or any part (equal to \$2,000 or an integral multiple of \$1,000 in excess thereof) of each Holder's Notes at a purchase price equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest thereon, if any, to the date of purchase. Within 10 days following any Change of Control, the Issuers shall mail a notice to each Holder describing the transaction or transactions that constitute the Change of Control and offering to repurchase Notes on the Change of Control Payment Date specified in such notice, pursuant to the procedures required by the Supplemental Indenture and described in such notice.

(b) If the Company or a Restricted Subsidiary thereof consummates any Asset Sale, when the aggregate amount of Excess Proceeds exceeds \$25.0 million, the Company shall commence an offer (an "*Asset Sale Offer*") pursuant to Section 4.11 of the Supplemental Indenture to all Holders and all holders of other Indebtedness that is of equal priority with the Notes containing provisions requiring offers to purchase or redeem with the proceeds of sales of assets to purchase the maximum principal amount of Notes and such other Indebtedness of equal priority that may be purchased out of the Excess Proceeds, which amount includes the entire amount of the Net Proceeds. The offer price in any Asset Sale Offer will be payable in cash and equal to 100% of principal amount of the subject Notes plus accrued and unpaid interest, if any, to the date of purchase. If the aggregate principal amount of Notes and such other Indebtedness of equal priority tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, the Trustee shall select the Notes and such other Indebtedness of equal priority to be purchased on a *pro rata* basis.

If any Excess Proceeds remain after consummation of an Asset Sale Offer, then the Company or any Restricted Subsidiary thereof may use such remaining Excess Pro-

ceeds for any purpose not otherwise prohibited by the Supplemental Indenture. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds shall be reset at zero. Holders of Notes that are the subject of an offer to purchase will receive an Asset Sale Offer from the Issuers prior to any related purchase date and may elect to have such Notes purchased by completing the form entitled “Option of Holder to Elect Purchase” on the reverse side of the Notes.

8. DENOMINATIONS, TRANSFER, EXCHANGE. The Notes are in registered form without coupons in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. The transfer of Notes may be registered and Notes may be exchanged as provided in the Supplemental Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents, and the Issuers may require a Holder to pay any taxes and fees required by law or permitted by the Supplemental Indenture. The Issuers need not exchange or register the transfer of any Note or portion of a Note selected for redemption, except for the unredeemed portion of any Note being redeemed in part. Also, the Issuers need not exchange or register the transfer of any Notes for a period of 15 days before a selection of Notes to be redeemed or during the period between a record date and the corresponding Interest Payment Date.

9. PERSONS DEEMED OWNERS. The registered Holder of a Note may be treated as its owner for all purposes.

10. AMENDMENT, SUPPLEMENT AND WAIVER. Subject to certain exceptions, the Supplemental Indenture or the Notes may be amended or supplemented with the consent of the Holders of at least a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes). Any existing Default or compliance with any provision of the Supplemental Indenture or the Notes (other than any provision relating to the right of any Holder to bring suit for the enforcement of any payment of principal, premium, if any, any interest on the Note, on or after the scheduled due dates expressed herein) may be waived, including by way of amendment, with the consent of the Holders of a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes). Without the consent of any Holder of a Note, the Issuers and the Trustee may amend or supplement the Supplemental Indenture or the Notes (i) to cure any ambiguity, mistake, defect or inconsistency, (ii) to provide for uncertificated Notes in addition to or in place of certificated Notes, (iii) to provide for or confirm the issuance of Additional Notes, (iv) to provide for the assumption of the Issuers' obligations to Holders in the case of a merger or consolidation or sale of all or substantially all of the Issuers' assets, (v) to make any change that would provide any additional rights or benefits to the Holders or that does not adversely affect the legal rights under the Supplemental Indenture of any such Holder, (vi) to comply with the requirements of the SEC in order to effect or maintain the qualification of the Supplemental Indenture under the TIA or otherwise as necessary to comply with applicable law or (vii) to conform the Supplemental Indenture or the Notes to the “Description of Notes” section of the Prospectus.

11. DEFAULTS AND REMEDIES. Each of the following is an Event of Default: (i) default for 30 consecutive days in the payment when due of interest on the Notes, (ii) default in payment when due of the principal of or premium, if any, on the Notes, (iii) failure by the Company or any of its Restricted Subsidiaries to comply with Sections 4.16 and 5.01 of the Supplemental Indenture, (iv) failure by the Company or any of its Restricted Subsidiaries for 30 consecutive days after written notice thereof has been given to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% of the principal amount of the Notes outstanding to comply with any of their other covenants or agreements in the Supplemental Indenture, (v) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company or any of its Restricted Subsidiaries), whether such Indebtedness or guarantee now exists or is created after the date of the Supplemental Indenture, if that default: (a) is caused by a failure to pay at final stated maturity the principal amount of such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a “*Payment Default*”); or (b) results in the acceleration of such Indebtedness prior to its express maturity, and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates \$100.0 million or more, (vi) failure by the Company or any of its Restricted Subsidiaries to pay final judgments which are non-appealable aggregating in excess of \$100.0 million, net of applicable insurance which has not been denied in writing by the insurer, which judgments are not paid, discharged or stayed for a period of 60 days or (vii) certain events of bankruptcy or insolvency with respect to the Company or any of its Significant Subsidiaries.

In the case of an Event of Default arising from certain events of bankruptcy or insolvency with respect to the Company, all outstanding Notes will become due and payable without further action or notice. If any other Event of Default occurs and is continuing, the Trustee by notice to the Issuers or the Holders of at least 25% in principal amount of the then outstanding Notes by notice to the Issuers and the Trustee may declare all the Notes to be due and payable.

Holders may not enforce the Supplemental Indenture or the Notes except as provided in the Supplemental Indenture. Subject to certain limitations, Holders of a majority in aggregate principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power with respect to matters relating to the Notes. The Trustee may withhold from Holders notice of any continuing Default or Event of Default (except a Default or Event of Default relating to the payment of principal or interest) if it determines that withholding notice is in their interest.

The Holders of a majority in aggregate principal amount of the Notes then outstanding by notice to the Trustee may on behalf of the Holders of all of the Notes waive any existing Default or Event of Default and its consequences under the Supplemental Indenture

except a continuing Default or Event of Default in the payment of interest on, or the principal of, the Notes.

The Issuers are required to deliver to the Trustee annually a statement regarding compliance with the Supplemental Indenture and the Base Indenture. Upon becoming aware of any Default or Event of Default, the Issuers are required to deliver to the Trustee a statement specifying such Default or Event of Default and what action the Issuers are taking or propose to take with respect thereto.

12. **TRUSTEE DEALINGS WITH ISSUERS.** The Trustee, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Issuers or their Affiliates, and may otherwise deal with the Issuers or their Affiliates, as if it were not the Trustee.

13. **NO RECOURSE AGAINST OTHERS.** A director, officer, employee, incorporator, member or stockholder of either of the Issuers, as such, shall not have any liability for any obligations of the Issuers under the Notes or the Supplemental Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes.

14. **GOVERNING LAW. THE INTERNAL LAWS OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS NOTE AND THE SUPPLEMENTAL INDENTURE WITHOUT GIVING EFFECT TO THE APPLICABLE PRINCIPLES OF CONFLICTS OF LAWS TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY. EACH OF THE PARTIES HERETO AND THE HOLDERS AGREE TO SUBMIT TO THE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS NOTE.**

15. **AUTHENTICATION.** This Note shall not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

16. **ABBREVIATIONS.** Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

17. **ADDITIONAL RIGHTS OF HOLDERS OF RESTRICTED GLOBAL NOTES AND RESTRICTED DEFINITIVE NOTES.** In addition to the rights provided to Holders of Notes under the Supplemental Indenture, Holders of Restricted Global Notes and Restricted Definitive Notes shall have all the rights set forth in any Registration Rights Agreement.

18. **CUSIP NUMBERS.** Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Issuers have caused CUSIP

numbers to be printed on the Notes and the Trustee may use CUSIP numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

The Issuers will furnish to any Holder upon written request and without charge a copy of the Supplemental Indenture, the Base Indenture and/or any Registration Rights Agreement, as applicable. Requests may be made to:

CCO Holdings, LLC  
CCO Holdings Capital Corp.  
c/o Charter Communications, Inc.  
12405 Powerscourt Drive, Suite 100  
St. Louis, Missouri 63131  
Attention: Secretary  
Telecopier No.: (314) 965-8793

**ASSIGNMENT FORM**

To assign this Note, fill in the form below:

(i) or (we) assign and transfer this Note to: \_\_\_\_\_

(Insert assignee's legal name)

\_\_\_\_\_

(Insert assignee's soc. sec. or tax I.D. no.)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(Print or type assignee's name, address and zip code)

and irrevocably appoint \_\_\_\_\_ to transfer this Note on the books of the Issuers. The agent may substitute another to act for him.

Date: \_\_\_\_\_

Your Signature: \_\_\_\_\_

(Sign exactly as your name appears on the face of this Note)

Signature Guarantee\*: \_\_\_\_\_

\* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

**OPTION OF HOLDER TO ELECT PURCHASE**

If you want to elect to have this Note purchased by the Issuers pursuant to Section 4.11 or 4.16 of the Supplemental Indenture, check the appropriate box below:

Section 4.11       Section 4.16

If you want to elect to have only part of the Note purchased by the Issuers pursuant to Section 4.11 or Section 4.16 of the Supplemental Indenture, state the amount you elect to have purchased:

\$ \_\_\_\_\_

Date: \_\_\_\_\_

Your Signature: \_\_\_\_\_

(Sign exactly as your name appears on the face of this Note)

Tax Identification No.: \_\_\_\_\_

Signature Guarantee\*: \_\_\_\_\_

\* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

**SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL NOTE\***

The following exchanges of a part of this Global Note for an interest in another Global Note or for a Definitive Note, or exchanges of a part of another Global Note or Definitive Note for an interest in this Global Note, have been made:

<u>Date of Exchange</u>	<u>Amount of decrease in Principal Amount of this Global Note</u>	<u>Amount of increase in Principal Amount of this Global Note</u>	<u>Principal Amount of this Global Note following such decrease (or increase)</u>	<u>Signature of authorized officer of Trustee or Note Custodian</u>
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**FORM OF CERTIFICATE OF TRANSFER**

CCO Holdings, LLC  
CCO Holdings Capital Corp.  
c/o Charter Communications, Inc.  
12405 Powerscourt Drive, Suite 100  
St. Louis, Missouri 63131

The Bank of New York Mellon Trust Company, N.A.  
2 North LaSalle Street, Suite 1020  
Chicago, Illinois 60602  
Facsimile No.: (312) 827-8542  
Attention: Corporate Trust Administration

Re: CCO Holdings, LLC and CCO Holdings Capital Corp.

5.125% Senior Notes due 2023 (CUSIP [     ]) (the “Notes”)

Reference is hereby made to the Indenture, dated as of May 10, 2011 (the “**Base Indenture**”), as supplemented by the Fifth Supplemental Indenture dated as of December 17, 2012 (the “**Supplemental Indenture**”), among CCO Holdings, LLC (the “**Company**”), CCO Holdings Capital Corp. (“**Capital Corp**” and, together with the Company, the “**Issuers**”), the guarantor party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Supplemental Indenture.

\_\_\_\_\_ (the “Transferor”) owns and proposes to transfer the Note[s] or interest in such Note[s] specified in Annex A hereto, in the principal amount of \$\_\_\_\_\_ in such Note[s] or interests (the “Transfer”), to \_\_\_\_\_ (the “Transferee”), as further specified in Annex A hereto. In connection with the Transfer, the Transferor hereby certifies that:

[CHECK ALL THAT APPLY]

1. Check if Transferee will take delivery of a beneficial interest in the Rule 144A Global Note or a Definitive Note Pursuant to Rule 144A. The Transfer is being effected pursuant to and in accordance with Rule 144A under the United States Securities Act of 1933, as amended (the “Securities Act”), and, accordingly, the Transferor hereby further certifies that the beneficial interest or Definitive Note is being transferred to a Person that the Transferor reasonably believed and believes is purchasing the beneficial interest or Definitive Note for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a “qualified institutional

buyer” within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and such Transfer is in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Transfer in accordance with the terms of the Supplemental Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Rule 144A Global Note and/or the Definitive Note and in the Supplemental Indenture and the Securities Act.

2. Check if Transferee will take delivery of a beneficial interest in the Regulation S Global Note or a Definitive Note pursuant to Regulation S. The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and, accordingly, the Transferor hereby further certifies that (i) the Transfer is not being made to a person in the United States and (x) at the time the buy order was originated, the Transferee was outside the United States or such Transferor and any Person acting on its behalf reasonably believed and believes that the Transferee was outside the United States or (y) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither such Transferor nor any Person acting on its behalf knows that the transaction was prearranged with a buyer in the United States, (ii) no directed selling efforts have been made in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S under the Securities Act and (iii) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act. Upon consummation of the proposed transfer in accordance with the terms of the Supplemental Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on Transfer enumerated in the Private Placement Legend printed on the Regulation S Global Note and/or the Definitive Note and in the Supplemental Indenture and the Securities Act. If the Transfer of the beneficial interest occurs prior to the expiration of the 40-day distribution compliance period set forth in Regulation S, the transferred beneficial interest will be held immediately thereafter through Euroclear or Clearstream.

3. Check and complete if Transferee will take delivery of a beneficial interest in a Definitive Note pursuant to any provision of the Securities Act other than Rule 144A or Regulation S. The Transfer is being effected in compliance with the transfer restrictions applicable to beneficial interests in Restricted Global Notes and Restricted Definitive Notes and pursuant to and in accordance with the Securities Act and any applicable blue sky securities laws of any state of the United States, and accordingly the Transferor hereby further certifies that (check one):

- (i) such Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act; or
- (ii) such Transfer is being effected to the Company or a subsidiary thereof; or

(iii) such Transfer is being effected pursuant to an effective registration statement under the Securities Act and in compliance with the prospectus delivery requirements of the Securities Act; or

(iv) such Transfer is being effected to an Institutional Accredited Investor and pursuant to an exemption from the registration requirements of the Securities Act other than Rule 144A, Rule 144 or Rule 904, and the Transferor hereby further certifies that it has not engaged in any general solicitation within the meaning of Regulation D under the Securities Act and the Transfer complies with the transfer restrictions applicable to beneficial interests in a Restricted Global Note or Restricted Definitive Notes and the requirements of the exemption claimed, which certification is supported by (1) a certificate executed by the Transferee in the form of Exhibit D to the Supplemental Indenture and (2) an Opinion of Counsel provided by the Transferor or the Transferee (a copy of which the Transferor has attached to this certification), to the effect that such Transfer is in compliance with the Securities Act. Upon consummation of the proposed transfer in accordance with the terms of the Supplemental Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Note and/or the Definitive Notes and in the Supplemental Indenture and the Securities Act.

4. Check if Transferee will take delivery of a beneficial interest in an Unrestricted Global Note or of an Unrestricted Definitive Note.

(i) Check if Transfer is pursuant to Rule 144. (i) The Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act and in compliance with the transfer restrictions contained in the Supplemental Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Supplemental Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Supplemental Indenture, the transferred beneficial interest or Definitive Note will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Supplemental Indenture.

(ii) Check if Transfer is Pursuant to Regulation S. (i) The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and in compliance with the transfer restrictions contained in the Supplemental Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Supplemental Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Supplemental Indenture, the transferred beneficial interest or Definitive Note will no longer be subject to the restrictions on transfer enu-

merated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Supplemental Indenture.

(iii) Check if Transfer is Pursuant to Other Exemption. (i) The Transfer is being effected pursuant to and in compliance with an exemption from the registration requirements of the Securities Act other than Rule 144, Rule 903 or Rule 904 and in compliance with the transfer restrictions contained in the Supplemental Indenture and any applicable blue sky securities laws of any State of the United States and (ii) the restrictions on transfer contained in the Supplemental Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Supplemental Indenture, the transferred beneficial interest or Definitive Note will not be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes or Restricted Definitive Notes and in the Supplemental Indenture.

This certificate and the statements contained herein are made for your benefit and the benefit of the Issuers.

\_\_\_\_\_  
[Insert Name of Transferor]

By \_\_\_\_\_  
Name:  
Title:

Dated: \_\_\_\_\_

**ANNEX A TO CERTIFICATE OF TRANSFER**

1. The Transferor owns and proposes to transfer the following:

[CHECK ONE OF (a) OR (b)]

- (a) a beneficial interest in the:
  - (i) Rule 144A Global Note (CUSIP \_\_\_\_\_), or
  - (ii) Regulation S Global Note (CUSIP \_\_\_\_\_), or
- (b) a Restricted Definitive Note.

2. After the Transfer the Transferee will hold:

[CHECK ONE]

- (a) a beneficial interest in the:
  - (i) Rule 144A Global Note (CUSIP \_\_\_\_\_), or
  - (ii) Regulation S Global Note (CUSIP \_\_\_\_\_), or
  - (iii) Unrestricted Global Note (CUSIP \_\_\_\_\_); or
- (b) a Restricted Definitive Note; or
- (c) an Unrestricted Definitive Note,

in accordance with the terms of the Supplemental Indenture.

**FORM OF CERTIFICATE OF EXCHANGE**

CCO Holdings, LLC  
CCO Holdings Capital Corp.  
c/o Charter Communications, Inc.  
12405 Powerscourt Drive, Suite 100  
St. Louis, Missouri 63131

The Bank of New York Mellon Trust Company, N.A.  
2 North LaSalle Street, Suite 1020  
Chicago, Illinois 60602  
Facsimile No.: (312) 827-8542  
Attention: Corporate Trust Administration

Re: CCO Holdings, LLC and CCO Holdings Capital Corp.

5.125% Senior Notes due 2023 (CUSIP [     ]) (the “Notes”)

Reference is hereby made to the Indenture, dated as of May 10, 2011 (the “**Base Indenture**”), as supplemented by the Fifth Supplemental Indenture, dated as of December 17, 2012 (the “**Supplemental Indenture**”), among CCO Holdings, LLC (the “**Company**”), CCO Holdings Capital Corp. (“**Capital Corp**” and, together with the Company, the “**Issuers**”), the guarantor party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Supplemental Indenture.

\_\_\_\_\_ (the “Owner”) owns and proposes to exchange the Note[s] or interest in such Note[s] specified herein, in the principal amount of \$\_\_\_\_\_ in such Note[s] or interests (the “Exchange”). In connection with the Exchange, the Owner hereby certifies that:

1. Exchange of Restricted Definitive Notes or Beneficial Interests in a Restricted Global Note for Unrestricted Definitive Notes or Beneficial Interests in an Unrestricted Global Note

(i) Check if Exchange is from beneficial interest in a Restricted Global Note to beneficial interest in an Unrestricted Global Note. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for a beneficial interest in an Unrestricted Global Note in an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Global Notes and pursuant to and in accordance

with the United States Securities Act of 1933, as amended (the “Securities Act”), (iii) the restrictions on transfer contained in the Supplemental Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest in an Unrestricted Global Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States. If the Exchange is from beneficial interest in a Regulation S Global Note to beneficial interest in an Unrestricted Global Note, the Owner further certifies that it is either (x) a non-U.S. Person to whom Notes would be transferred in accordance with Regulation S or (y) a U.S. Person who purchased Notes in a transaction that did not require registration under the Securities Act.

(ii) Check if Exchange is from beneficial interest in a Restricted Global Note to Unrestricted Definitive Note. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for an Unrestricted Definitive Note, the Owner hereby certifies (i) the Definitive Note is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Supplemental Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Definitive Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(iii) Check if Exchange is from Restricted Definitive Note to beneficial interest in an Unrestricted Global Note. In connection with the Owner's Exchange of a Restricted Definitive Note for a beneficial interest in an Unrestricted Global Note, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Supplemental Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest is being acquired in compliance with any applicable blue sky securities laws of any state of the United States. If the Exchange is from beneficial interest in a Regulation S Global Note to an Unrestricted Definitive Note, the Owner further certifies that it is either (x) a non-U.S. Person to whom Notes could be transferred in accordance with Regulation S or (y) a U.S. Person who purchased Notes in a transaction that did not require registration under the Securities Act.

(iv) Check if Exchange is from Restricted Definitive Note to Unrestricted Definitive Note. In connection with the Owner's Exchange of a Restricted Definitive Note for an Unrestricted Definitive Note, the Owner hereby certifies (i) the Unrestricted Definitive Note is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance

with the Securities Act, (iii) the restrictions on transfer contained in the Supplemental Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Unrestricted Definitive Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

2. Exchange of Restricted Definitive Notes or Beneficial Interests in Restricted Global Notes for Restricted Definitive Notes or Beneficial Interests in Restricted Global Notes

(i) Check if Exchange is from beneficial interest in a Restricted Global Note to Restricted Definitive Note. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for a Restricted Definitive Note with an equal principal amount, the Owner hereby certifies that the Restricted Definitive Note is being acquired for the Owner's own account without transfer. If the Exchange is from beneficial interest in a Regulation S Global Note to a Restricted Definitive Note, the Owner further certifies that it is either (x) a non-U.S. Person to whom Notes could be transferred in accordance with Regulation S or (y) a U.S. Person who purchased Notes in a transaction that did not require registration under the Securities Act. Upon consummation of the proposed Exchange in accordance with the terms of the Supplemental Indenture, the Restricted Definitive Note issued will continue to be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Definitive Note and in the Supplemental Indenture and the Securities Act.

(ii) Check if Exchange is from Restricted Definitive Note to beneficial interest in a Restricted Global Note. In connection with the Exchange of the Owner's Restricted Definitive Note for a beneficial interest in the [CHECK ONE] Rule 144A Global Note or Regulation S Global Note with an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer and (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act, and in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Exchange in accordance with the terms of the Supplemental Indenture, the beneficial interest issued will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the relevant Restricted Global Note and in the Supplemental Indenture and the Securities Act.



This certificate and the statements contained herein are made for your benefit and the benefit of the Issuers.

\_\_\_\_\_

[Insert Name of Transferor]

By \_\_\_\_\_

Name:

Title:

Dated: \_\_\_\_\_

**FORM OF CERTIFICATE FROM  
ACQUIRING INSTITUTIONAL ACCREDITED INVESTOR**

CCO Holdings, LLC  
CCO Holdings Capital Corp.  
c/o Charter Communications, Inc.  
12405 Powerscourt Drive, Suite 100  
St. Louis, Missouri 63131

The Bank of New York Mellon Trust Company, N.A.  
2 North LaSalle Street, Suite 1020  
Chicago, Illinois 60602  
Facsimile No.: (312) 827-8542  
Attention: Corporate Trust Administration

Re: CCO Holdings, LLC and CCO Holdings Capital Corp.

5.125% Senior Notes due 2023 (CUSIP [     ]) (the “**Notes**”)

Reference is hereby made to the Indenture, dated as of May 10, 2011 (the “**Base Indenture**”), as supplemented by the Fifth Supplemental Indenture, dated as of December 17, 2012 (the “**Supplemental Indenture**”), among CCO Holdings, LLC (the “**Company**”), CCO Holdings Capital Corp. (“**Capital Corp**” and, together with the Company, the “**Issuers**”), the guarantor party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Supplemental Indenture.

In connection with our proposed purchase of \$\_\_\_\_\_ aggregate principal amount of:

- (i)  a beneficial interest in a Global Note, or
- (ii)  a Definitive Note,

we confirm that:

1. We understand that any subsequent transfer of the Notes or any interest therein is subject to certain restrictions and conditions set forth in the Supplemental Indenture and the undersigned agrees to be bound by, and not to resell, pledge or otherwise transfer the Notes or any interest therein except in compliance with, such restrictions and conditions and the United States Securities Act of 1933, as amended (the “**Securities Act**”).

2. We understand that the offer and sale of the Notes have not been registered under the Securities Act, and that the Notes and any interest therein may not be offered or sold except as permitted in the following sentence. We agree, on our own behalf and on behalf of any accounts for which we are acting as hereinafter stated, that if we should sell the Notes or any interest therein, we will do so only (a) to the Company or any subsidiary thereof, (b) in accordance with Rule 144A under the Securities Act to a “qualified institutional buyer” (as defined therein), (c) to an institutional “accredited investor” (as defined below) that, prior to such transfer, furnishes (or has furnished on its behalf by a U.S. broker-dealer) to you and to the Company a signed letter substantially in the form of this letter and an Opinion of Counsel in form reasonably acceptable to the Company to the effect that such transfer is in compliance with the Securities Act, (d) outside the United States in accordance with Rule 904 of Regulation S under the Securities Act, (e) pursuant to the provisions of Rule 144(d) under the Securities Act or (f) pursuant to an effective registration statement under the Securities Act, and we further agree to provide to any person purchasing the Definitive Note or beneficial interest in a Global Note from us in a transaction meeting the requirements of clauses (a) through (e) of this paragraph a notice advising such purchaser that resales thereof are restricted as stated herein.

3. We understand that, on any proposed resale of the Notes or beneficial interest therein, we will be required to furnish to you and the Issuers such certifications, legal opinions and other information as you and the Issuers may reasonably require to confirm that the proposed sale complies with the foregoing restrictions. We further understand that the Notes purchased by us will bear a legend to the foregoing effect.

4. We are an institutional “accredited investor” (as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act) and have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of our investment in the Notes, and we and any accounts for which we are acting are each able to bear the economic risk of our or its investment.

5. We are acquiring the Notes or beneficial interest therein purchased by us for our own account or for one or more accounts (each of which is an institutional “accredited investor”) as to each of which we exercise sole investment discretion.

You and the Issuers are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby.

\_\_\_\_\_

[Insert Name of Transferor]

By \_\_\_\_\_

Name:

Title:

Dated: \_\_\_\_\_

**AMENDED AND RESTATED EMPLOYMENT AGREEMENT**

**THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT** (the “Agreement”), dated November 19, 2012 to be effective as of August 31, 2012 (the “Effective Date”) is made by and between CHARTER COMMUNICATIONS, INC., a Delaware corporation (the “Company”), and Christopher Winfrey (the “Executive”).

**RECITALS:**

**WHEREAS**, the Executive and the Company have previously entered into that certain Employment Agreement dated November 1, 2010, as amended (the “Old Employment Agreement”) and the parties desire to amend and restate in its entirety the Old Employment Agreement;

**WHEREAS**, it is the desire of the Company to assure itself of the services of Executive by engaging Executive as its Executive Vice President and Chief Financial Officer and the Executive desires to serve the Company on the terms herein provided;

**WHEREAS**, Executive's agreement to the terms and conditions of Sections 18, 19 and 20 are a material and essential condition of Executive's employment with the Company hereafter under the terms of this Agreement;

**NOW, THEREFORE**, in consideration of the foregoing and of the respective covenants and agreements set forth below, the parties hereto agree as follows:

1. **Certain Definitions.**

(a) “Annual Base Salary” shall have the meaning set forth in Section 5.

(b) “Board” shall mean the Board of Directors of the Company.

(c) “Bonus” shall have the meaning set forth in Section 6.

(d) The Company shall have “Cause” to terminate Executive's employment hereunder upon:

(i) Executive's breach of a material obligation (which, if curable, is not cured within ten business (10) days after Executive receives written notice of such breach) or representation under this Agreement or breach of any fiduciary duty to the Company which, if curable, is not cured within ten business (10) days after Executive receives written notice of such breach; or any act of fraud or knowing material misrepresentation or concealment upon, to or from the Company or the Board;

(ii) Executive's failure to adhere in any material respect to (i) the Company's Code of Conduct in effect from time to time and applicable to officers and/or employees generally, or (ii) any written Company policy, if such policy is material to the effective performance by Executive of the Executive's duties under this Agreement, and if Executive has been given a reasonable opportunity to cure this failure to comply within a period of time which is reasonable under the circumstances but not more than the thirty (30) day period after written notice of such failure is provided to Executive; provided that if Executive cures this failure to comply with such a policy and then fails again to comply with the same policy, no further opportunity to cure that failure shall be required;

(iii) Executive's misappropriation (or attempted misappropriation) of a material amount of the Company's funds or property;

(iv) Executive's conviction of, the entering of a guilty plea or plea of nolo contendere or no contest (or the equivalent), or entering into any pretrial diversion program or agreement or suspended imposition of sentence, with respect to either a felony or a crime that adversely affects or could reasonably be expected to adversely affect the Company or its business reputation; or the institution of criminal charges against Executive, which are not dismissed within sixty (60) days after institution, for fraud, embezzlement, any felony offense involving dishonesty or constituting a breach of trust or moral turpitude;

(v) Executive's admission of liability of, or finding of liability, for a knowing and deliberate violation of any "Securities Laws." As used herein, the term "Securities Laws" means any federal or state law, rule or regulation governing generally the issuance or exchange of securities, including without limitation the Securities Act of 1933, the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder;

(vi) conduct by Executive in connection with Executive's employment that constitutes gross neglect of any material duty or responsibility, willful misconduct, or recklessness which, if curable, is not cured within ten business (10) days after Executive receives written notice of such breach;

(vii) Executive's illegal possession or use of any controlled substance, or excessive use of alcohol at a work function, in connection with Executive's duties, or on Company premises; "excessive" meaning either repeated unprofessional use or any single event of consumption giving rise to significant intoxication or unprofessional behavior;

(viii) Executive's willful or grossly negligent commission of any other act or failure to act in connection with the Executive's duties as an executive of the Company which causes or reasonably may be expected (as of the time of such occurrence) to cause substantial economic injury to or substantial injury to the business reputation of the Company or any subsidiary or affiliate of the Company, including, without limitation, any material violation of the Foreign Corrupt Practices Act, as described herein below.

If Executive commits or is charged with committing any offense of the character or type specified in subparagraphs 1(e)(iv), (v) or (viii) above, then the Company at its option may suspend the Executive with or without pay. If the Executive subsequently is convicted of, pleads guilty or nolo contendere (or equivalent plea) to, or enters into any type of suspended imposition of sentence or pretrial diversion program with respect to, any such offense (or any matter that gave rise to the suspension), the Executive shall immediately repay any compensation paid in cash hereunder from the date of the suspension. Notwithstanding anything to the contrary in any stock option or equity incentive plan or award agreement, all vesting and all lapsing of restrictions on restricted shares shall be tolled during the period of suspension and all unvested options and restricted shares for which the restrictions have not lapsed shall terminate and not be exercisable by or issued to Executive if during or after such suspension the Executive is convicted of, pleads guilty or nolo contendere (or equivalent plea) to, or enters into any type of suspended imposition of sentence or pretrial diversion program with respect to, any offense specified in subparagraphs 1(e)(iv), (v) or (viii) above or any matter that gave rise to the suspension.

(e) “Change of Control” shall mean the occurrence of any of the following events:

(i) an acquisition of any voting securities of the Company by any “Person” or “Group” (as those terms are used for purposes of Section 13(d) or 14(d) of the Exchange Act of 1934, amended (the “Exchange Act”), immediately after which such Person has “Beneficial Ownership” (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of thirty-five percent (35%) or more of the combined voting power of the Company’s then outstanding voting securities; provided, however, that voting securities which are acquired in a “Non-Control Transaction” (as hereinafter defined) assuming that the acquisition of voting securities for this purpose qualifies as Merger (as hereinafter defined) shall not constitute a Change of Control; and provided further that an acquisition of Beneficial Ownership of less than fifty percent (50%) of the Company’s then outstanding voting securities by any Existing 10% Holder (as hereinafter defined) shall not be considered to be a Change of Control under this clause (i);

(ii) the individuals who, as of immediately after the Effective Date, are members of the Board (the “Incumbent Board”), cease for any reason to constitute a majority of the Board; provided, however, that if the election, or nomination for election by the Company’s common stockholders, of any new director (excluding any director whose nomination or election to the Board is the result of any actual or threatened proxy contest or settlement thereof) was approved by a vote of at least two-thirds of the Incumbent Board, such new director shall, for purposes of this Agreement, be considered as a member of the Incumbent Board;

(iii) the consummation of a merger, consolidation or reorganization with or into the Company or in which securities of the Company are issued (a “Merger”), unless such Merger is a Non-Control Transaction. A “Non-Control Transaction” shall mean a Merger where: (1) the stockholders of the Company, immediately before such Merger own directly or indirectly immediately following such Merger more than fifty percent (50%) of the combined voting power of the outstanding voting securities of the entity resulting from such Merger or its controlling parent entity (the “Surviving Entity”), (2) the individuals who were members of the Incumbent Board immediately prior to the execution of the agreement providing for such Merger constitute at least a majority of the members of the board of directors (or similar governing body) of the Surviving Entity, and (3) no Person other (X) than the Company, its subsidiaries or affiliates or any of their respective employee benefit plans (or any trust forming a part thereof) that, immediately prior to such Merger was maintained by the Company or any subsidiary or affiliate of the Company, or (Y) any Person who, immediately prior to such Merger had Beneficial Ownership of thirty-five percent (35%) or more of the then outstanding voting securities of the Company, has Beneficial Ownership of thirty-five percent (35%) or more of the combined voting power of the outstanding voting securities or common stock of the Surviving Entity; provided that this clause (Y) shall not trigger a Change of Control solely because, after such Merger any Existing 10% Holder has Beneficial Ownership of more than thirty-five percent (35%) but less than fifty percent (50%) of the combined voting power of the outstanding voting securities or common stock of the Surviving Entity;

(iv) complete liquidation or dissolution of the Company (other than where assets of the Company are transferred to or remain with subsidiaries of the Company); or

(v) the sale or other disposition of all or substantially all of the assets of the Company and its direct and indirect subsidiaries on a consolidated basis, directly or indirectly, to any Person (other than a transfer to a subsidiary or affiliate of the Company unless, such sale or disposition constitutes a Non-Control Transaction with the disposition

of assets being regarded as a Merger for this purpose or the distribution to the Company's stockholders of the stock of a subsidiary or affiliate of the Company or any other assets).

Notwithstanding the foregoing a Change of Control shall not occur solely based on a filing of a Chapter 11 reorganization proceeding of the Company or the implementation of a plan of reorganization pursuant to any such Chapter 11 reorganization.

(f) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

(g) "Committee" shall mean either the Compensation and Benefits Committee of the Board, or a Subcommittee of such Committee duly appointed by the Board or the Committee or any successor to the functions thereof.

(h) "Company" shall have the meaning set forth in the preamble hereto.

(i) "Company Stock" shall mean the common stock of the Company issued in connection with the Company's emergence from its Chapter 11 reorganization and any stock received in exchange therefor.

(j) "Date of Termination" shall mean (i) if Executive's employment is terminated by Executive's death, the date of Executive's death and (ii) if Executive's employment is terminated pursuant to Section 15(a)(ii)-(vi), the date of termination of employment, as defined in 409(A) regulations under the Code.

(k) For purposes of this Agreement, Executive will be deemed to have a "Disability" if, due to illness, injury or a physical or medically recognized mental condition, (a) Executive is unable to perform Executive's duties under this Agreement with reasonable accommodation for 120 consecutive days, or 180 days during any twelve month period, as determined in accordance with this Section, or (b) Executive is considered disabled for purposes of receiving / qualifying for long term disability benefits under any group long term disability insurance plan or policy offered by Company in which Executive participates. The Disability of Executive will be determined by a medical doctor selected by written agreement of Company and Executive upon the request of either party by notice to the other, or (in the case of and with respect to any applicable long term disability insurance policy or plan) will be determined according to the terms of the applicable long term disability insurance policy / plan. If Company and Executive cannot agree on the selection of a medical doctor, each of them will select a medical doctor and the two medical doctors will select a third medical doctor who will determine whether Executive has a Disability. The determination of the medical doctor selected under this Section will be binding on both parties. Executive must submit to a reasonable number of examinations by the medical doctor making the determination of Disability under this Section, and to other specialists designated by such medical doctor, and Executive hereby authorizes the disclosure and release to Company of such determination and all supporting medical records. If Executive is not legally competent, Executive's legal guardian or duly authorized attorney-in-fact will act in Executive's stead under this Section for the purposes of submitting Executive to the examinations, and providing the authorization of disclosure, required under this Section.

(l) "Existing 10% Shareholder" means any of AP Charter Holdings, L.P. and certain affiliated funds, Oaktree Opportunities Investments, L.P., Encore LLC and each of the funds managed by the manager (or any affiliate of such manager) of any of the aforementioned funds.

(m) “Executive” shall have the meaning set forth in the preamble hereto.

(n) “Good Reason” shall mean any of the events described herein that occur without Executive's prior written consent: (i) any reduction in Executive's Annual Base Salary, Target Bonus Percentage, or title except as permitted hereunder, (ii) any failure to pay Executive's compensation hereunder when due; (iii) any material breach by the Company of a term hereof; (iv) relocation of Executive's primary workplace to a location that is more than fifty (50) miles from the office where Executive is then assigned to work as Executive's principal office; (v) a transfer or reassignment to another executive of material responsibilities that have been assigned to Executive (and were not identified by the Company to be assigned only on an interim basis at the time of assignment or thereafter) and generally are part of the responsibilities and functions assigned to a Chief Financial Officer of a public corporation unless a Non-renewal Notice has been delivered to Executive at any time within one hundred ninety (190) days prior to the end of the term of this Agreement; (vi) any change in reporting structure such that Executive no longer reports directly to the “Chief Executive Officer (or equivalent position, if there is no Chief Executive Officer)” (in each case “(i)” through “(vi)” only if Executive objects in writing within 30 days after being informed of such events and unless Company retracts and/or rectifies the claimed Good Reason within 30 days following Company's receipt of timely written objection from Executive); (vii) if within six months after a Change of Control, Executive has not received an offer from the surviving company to continue in his position (without material reduction in scope of responsibility ) immediately prior to such Change of Control under at least the same terms and conditions (except that the value of equity-based compensation after such Change of Control need only be commensurate with the value of equity-based compensation given to executives with equivalent positions in the surviving company, if any) as set herein; or (viii) the failure of a successor to the business of the Company to assume the Company's obligations under this Agreement in the event of a Change of Control during its term; provided that, this definition for termination for Good Reason shall remain in effect through the full Initial Term of this Agreement, even in the event of a Non-renewal Notice having been given by the Company to Executive.

(o) “Notice of Termination” shall have the meaning set forth in Section 15(b).

(p) “Non-renewal Notice” shall have the meaning set forth in Section 2.

(q) “Options” shall have the meaning set forth in Section 7.

(r) “Performance Unit” and “Performance Shares” shall have the meaning set forth in Section 9 hereof.

(s) “Person” shall have the meaning set forth in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934.

(t) “Plan” shall mean the 2009 Stock Incentive Plan as amended by the Company from time to time.

(u) “Restricted Shares” shall have the meaning set forth in Section 8.

(v) “Term” shall have the meaning set forth in Section 2.

(w) “Voluntary” and “Voluntarily” in connection with Executive's termination of employment shall mean a termination of employment resulting from the initiative of the Executive, excluding a termination of employment attributable to Executive's death or



Disability. A resignation by Executive that is in response to a communicated intent by the Company to discharge Executive other than for Cause is not considered to be “Voluntary” and shall be considered to be a termination by the Company for the purposes of this Agreement.

2. **Employment Term.** The Company hereby employs the Executive, and the Executive hereby accepts employment, under the terms and conditions hereof, for the period (the “Term”) beginning on the Effective Date hereof and terminating upon the earlier of (i) December 31, 2014 (the “Initial Term”) and (ii) the Date of Termination as defined in Section 1(j). The Company may, in its sole discretion, extend the term of this Agreement for additional one-year periods. If the Company fails to provide Executive with at least one hundred eighty (180) days notice prior to the end of the Initial Term or any extension thereof of the Company's intent to not renew this Agreement (the “Non-renewal Notice”), the Initial Term or any previous extension thereof shall be extended one day for each day the Company does not provide the Non-renewal Notice. If the Company fails to provide any Non-renewal Notice and does not extend the term of this Agreement, the Non-renewal Notice shall be deemed to have been given to Executive on the last day of the term of this Agreement.

3. **Position and Duties.** Executive shall serve as Executive Vice President and Chief Financial Officer reporting to the Chief Executive Officer, with such responsibilities, duties and authority as are customary for such role, including, but not limited to, overall management responsibility for the financial and accounting functions of the Company. Executive shall devote all necessary business time and attention, and employ Executive's reasonable best efforts, toward the fulfillment and execution of all assigned duties, and the satisfaction of defined annual and/or longer-term performance criteria.

4. **Place of Performance.** In connection with Executive's employment during the Term, Executive's initial primary workplace shall be the Company's offices in or near Stamford, Connecticut, except for necessary travel on the Company's business.

5. **Annual Base Salary.** During the Term, Executive shall receive a base salary at a rate not less than \$566,500 per annum (the “Annual Base Salary”), less standard deductions, paid in accordance with the Company's general payroll practices for executives, but no less frequently than monthly. The Annual Base Salary shall compensate Executive for any official position or directorship of a subsidiary or affiliate that Executive is asked to hold in the Company or its subsidiaries or affiliates as a part of Executive's employment responsibilities. No less frequently than annually during the Term, the Committee, on advice of the Company's Chief Executive Officer, shall review the rate of Annual Base Salary payable to Executive, and may, in its discretion, increase the rate of Annual Base Salary payable hereunder; provided, however, that any increased rate shall thereafter be the rate of “Annual Base Salary” hereunder.

6. **Bonus.** Except as otherwise provided for herein, for each fiscal year or other period consistent with the Company's then-applicable normal employment practices during which Executive is employed hereunder on the last day (the “Bonus Year”), Executive shall be eligible to receive a bonus in an amount up to 75% of Executive's Annual Base Salary (the “Bonus” and bonuses at such percentage of Annual Base Salary being the “Target Bonus”) pursuant to, and as set forth in, the terms of the Executive Bonus Plan as such Plan may be amended from time to time, plus such other bonus payments, if any, as shall be determined by the Committee in its sole discretion, with such Bonus and other bonuses being paid on or before March 15 of the year next following the Bonus Year.

7. **Stock Options.** The Committee may, in its discretion, grant to Executive options to purchase shares of Company Stock (all of such options, collectively, the “Options”) pursuant to the terms of the Plan, any successor plan and an associated Stock Option Agreement.

8. **Restricted Shares.** The Committee may, in its discretion, grant to Executive restricted shares or restricted share units of Company Stock (collectively, the “Restricted Shares”), which shall be subject to restrictions on their sale as set forth in the Plan and an associated Restricted Shares Grant Letter.

As of August 3, 2012, Executive was granted 6,600 Restricted Share Units of Company Stock, which shall be subject to restrictions on their sale as set forth in the Plan and the form of Restricted Share Units Grant Agreement set forth on Exhibit A (the “Restricted Share Unit Grant”).

9. **Performance Share Units.** The Committee may, in its discretion, grant to Executive performance share units subject to performance vesting conditions (collectively, the “Performance Units”), which shall be subject to restrictions on their sale as set forth in the Plan and an associated Performance Unit Grant Letter.

10. **Other Bonus Plans.** The Committee may, in its discretion, grant to Executive a right to participate in any other bonus or retention plan that the Committee may decide to establish for executives, but nothing herein shall require the Committee to do so.

11. **Relocation**

(a) Executive will receive relocation assistance with regard to relocation from Executive's current location of his primary residence in the St. Louis, Missouri metropolitan area to the New York City metropolitan area. The relocation package is set forth on Exhibit B, attached hereto and made a part hereof.

(b) In addition to the benefits in such relocation package on Exhibit B, upon the sale or purchase of a primary residence in connection with Executive's relocation to the New York City metropolitan area, Executive will receive a lump sum payment of \$250,000 from the Company; provided that, in the event that Executive departs from the Company within 24 months of his relocation to the New York City metropolitan area for voluntary reasons or if he is terminated for Cause, Executive agrees to repay a pro-rated portion of the \$250,000 payment.

(c) In consideration of these relocation benefits set forth in sub-paragraphs 11(a) and (b) and with the terms of this Agreement, Executive agrees to execute the New York Relocation Agreement and Release, the form of which is attached hereto as Exhibit C prior to the distribution of any benefits of the relocation package to Executive.

12. **Benefits.** Executive shall be entitled to receive such benefits and to participate in such employee group benefit plans, including life, health and disability insurance policies, and financial planning services, and other perquisites and plans as are generally provided by the Company to its senior executives of comparable level and responsibility in accordance with the plans, practices and programs of the Company, as amended from time to time; provided that, except as provided in Section 16 of this Agreement, Executive shall not participate in any severance plan of the Company.

13. **Expenses.** The Company shall reimburse Executive for all reasonable and necessary expenses incurred by Executive in connection with the performance of Executive's duties as an employee of the Company in accordance with the Company's generally applicable policies and procedures. Such reimbursement is subject to the submission to the Company by Executive of appropriate documentation and/or vouchers in accordance with the customary procedures of the Company for expense reimbursement, as such procedures may be revised by the Company from time to time hereafter. In no event will an expense be reimbursed later than the last day of the calendar year following the calendar in year in which such expense is incurred.

14. **Vacations.** Executive shall be entitled to paid vacation in accordance with the Company's vacation policy as in effect from time to time provided that, in no event shall Executive be entitled to less than three (3) weeks vacation per calendar year. Executive shall also be entitled to paid holidays and personal days in accordance with the Company's practice with respect to same as in effect from time to time.

15. **Termination.**

(a) Executive's employment hereunder may be terminated by the Company, on the one hand, or Executive, on the other hand, as applicable, without any breach of this Agreement, under the following circumstances:

(i) **Death.** Executive's employment hereunder shall automatically terminate upon Executive's death.

(ii) **Disability.** If Executive has incurred a Disability, the Company may give Executive written notice of its intention to terminate Executive's employment. In such event, Executive's employment with the Company shall terminate effective on the 14th day after delivery of such notice to Executive, provided that within the 14 days after such delivery, Executive shall not have returned to full-time performance of Executive's duties. Executive may provide notice to the Company of Executive's resignation on account of a bona fide Disability at any time.

(iii) **Cause.** The Company may terminate Executive's employment hereunder for Cause effective immediately upon delivery of notice to Executive, taking into account any procedural requirements set forth under Section 1(d) above.

(iv) **Good Reason.** Executive may terminate Executive's employment herein for Good Reason upon (i) satisfaction of any advance notice and other procedural requirements set forth under Section 1(n) above for any termination pursuant to Section 1(n)(i) through (vi) or (ii) at least 30 days' advance written notice by the Executive for any termination pursuant to Section 1(n)(vii) and (viii).

Notwithstanding the foregoing, Good Reason shall not occur solely based on a filing of a Chapter 11 reorganization proceeding of the Company or the implementation of a plan of reorganization pursuant to any Chapter 11 reorganization.

(v) **Without Cause.** The Company may terminate Executive's employment hereunder without Cause upon at least 30 days' advance written notice to the Executive.

(vi) **Resignation Without Good Reason.** Executive may resign Executive's employment without Good Reason upon at least fourteen (14) days' written notice to the Company.

(b) **Notice of Termination.** Any termination of Executive's employment by the Company or by Executive under this Section 15 (other than pursuant to Sections 15(a)(i)) shall be communicated by a written notice (the "Notice of Termination") to the other party hereto, indicating the specific termination provision in this Agreement relied upon, setting forth in reasonable detail any facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated, and specifying a Date of Termination which notice shall be delivered within the applicable time periods set forth in subsections 15(a)(ii)-(vi) above (the "Notice Period"); provided that, the Company may pay to Executive all Annual Base Salary, benefits and other rights due to Executive during such Notice Period instead of employing Executive during such Notice Period.

(c) Resignation from Representational Capacities. Executive hereby acknowledges and agrees that upon Executive's termination of employment with the Company for whatever reason, Executive shall be deemed to have, and shall have in fact, effectively resigned from all executive, director, offices, or other positions with the Company or its affiliates at the time of such termination of employment, and shall return all property owned by the Company and in Executive's possession, including all hardware, files and documents, at that time.

(d) Termination in Connection with Change of Control. If Executive's employment is terminated by the Company without Cause or a Non-renewal Notice has been delivered to Executive either upon or within thirty days before or thirteen (13) months after a Change of Control, or prior to a Change of Control at the request of a prospective purchaser whose proposed purchase would constitute a Change of Control upon its completion, such termination or delivery of a Non-renewal Notice shall be deemed to constitute a termination by the Company without Cause and shall be deemed to have occurred immediately before such Change of Control for purposes of this Agreement and the Plan.

16. **Termination Pay**

(a) Effective upon the termination of Executive's employment, Company will be obligated to pay Executive (or, in the event of Executive's death, the Executive's designated beneficiary as defined below) only such compensation as is provided in this Section 16, except to the extent otherwise provided for in any Company stock incentive, stock option or cash award plan (including, among others, the Plan), approved by the Board. For purposes of this Section 16, Executive's designated beneficiary will be such individual beneficiary or trust, located at such address, as Executive may designate by notice to Company from time to time or, if Executive fails to give notice to Company of such a beneficiary, Executive's estate. Notwithstanding the preceding sentence, Company will have no duty, in any circumstances, to attempt to open an estate on behalf of Executive, to determine whether any beneficiary designated by Executive is alive or to ascertain the address of any such beneficiary, to determine the existence of any trust, to determine whether any person purporting to act as Executive's personal representative (or the trustee of a trust established by Executive) is duly authorized to act in that capacity, or to locate or attempt to locate any beneficiary, personal representative, or trustee

(b) Termination by Executive for Good Reason or by Company without Cause. If prior to expiration of the Term, Executive terminates his or her employment for Good Reason, or if the Company terminates Executive's employment other than for Cause or Executive's death or Disability, Executive will be entitled to receive, subject to the conditions of this Agreement, the following:

(i) (A) all Annual Base Salary and Bonus duly payable under the applicable plan for performance periods ending prior to the Date of Termination, but unpaid as of the Date of Termination, plus (B) in consideration for Executive's obligations set forth in Sections 18, 19 and 20 hereof, an amount equal to two (2) times the Executive's then-current rate of Annual Base Salary and Target Bonus, which total sum shall be payable immediately following the Date of Termination in fifty-two (52) equal bi-weekly installments in accordance with the Company's normal payroll practices commencing with the next payroll date immediately following the 30 day anniversary of the Date of Termination; provided that, if a Change of Control occurs (or is deemed pursuant to Section 15(d) hereof to have occurred after such termination) during such twenty-four (24) month period (and such Change of Control qualifies either as a "change in the ownership or effective control" of the Company or a "change in the ownership of a substantial portion of the assets" of the Company as such terms are defined under Section 409A of the Code), any amounts remaining payable to Executive hereunder shall be paid in a single lump sum immediately upon such Change of Control;

(ii) all reasonable expenses Executive has incurred in the pursuit of Executive's duties under this Agreement through the Date of Termination which are payable under and in accordance with this Agreement, which amount will be paid within thirty (30) days after the submission by Executive of properly completed reimbursement requests on the Company's standard forms, provided that, in no event will an expense be reimbursed later than the last day of the calendar year following the calendar in year in which such expense is incurred;

(iii) a lump sum payment (net after deduction of taxes and other required withholdings) equal to twenty-four (24) times the monthly cost, at the time Executive's employment terminated, for Executive to receive under COBRA the paid coverage for health, dental and vision benefits then being provided for Executive at the Company's cost at the time Executive's employment terminated. This amount will be paid on the next payroll date immediately following the 30 day anniversary of the Date of Termination and will not take into account future increases in costs during the applicable time period;

(iv) vesting of equity awards and long term incentives as provided in the applicable award agreement and plan;  
and

(v) pay the cost of up to twelve (12) months, as required, of executive-level outplacement services (which provides as part of the outplacement services the use of an office and secretarial support as near as reasonably practicable to Executive's residence), provided that, in no event will an expense be reimbursed later than the last day of the calendar year following the calendar in year in which such expense is incurred;

(c) The Executive shall not be required to mitigate the amount of any payments provided in this Section 16, by seeking other employment or otherwise, nor shall the amount of any payment provided for in this Section 16 be reduced by any compensation earned by Executive as a result of employment by another company or business, or by profits earned by Employee from any other source at any time before or after the date of Termination, so long as Executive is not in breach of the Agreement.

(d) Termination by Executive without Good Reason or by Company for Cause. If prior to the expiration of the Term or thereafter, Executive Voluntarily terminates Executive's employment prior to expiration of the Term without Good Reason or if Company terminates this Agreement for Cause, Executive will be entitled to receive Executive's then-existing Annual Base Salary only through the date such termination is effective in accordance with regular payroll practices and will be reimbursed for all reasonable expenses Executive has incurred in the pursuit of Executive's duties under this Agreement through the date of termination which are payable under and in accordance with this Agreement; any unvested options and shares of restricted stock shall terminate as of the date of termination unless otherwise provided for in any applicable plan or award agreement, and Executive shall be entitled to no other compensation, bonus, payments or benefits except as expressly provided in this paragraph. Notwithstanding the foregoing, if, prior to the expiration of the Term, Executive Voluntarily terminates Executive's employment after the end of a fiscal year but prior to the date on which the bonus described in Section 6 is paid, Executive shall be entitled to receive such bonus, to the extent earned and unpaid, in accordance with Section 6.

(e) Termination upon Disability or Death. If Executive's employment shall terminate by reason of Executive's Disability (pursuant to Section 15(a)(ii)) or death (pursuant to Section 15(a)(i)), the Company shall pay to Executive, in a lump sum cash payment following the Date of Termination, all unpaid Annual Base Salary through the Date of Termination in accordance with regular payroll practices and the Bonus previously earned for a performance period ending prior to the Date of Termination, but unpaid as of the Date of Termination, and the pro rata portion of the

Bonus for such year (when and as such Bonuses are paid to other senior executives of the Company) for the Performance Period in which the termination occurred. In the case of Disability, if there is a period of time during which Executive is not being paid Annual Base Salary and not receiving long-term disability insurance payments, the Company shall make interim payments equal to such unpaid disability insurance payments to Executive until commencement of disability insurance payments; provided that, to the extent required to avoid the tax consequences of Section 409A of the Code, as determined by independent tax counsel, the first payment shall cover all payments scheduled to be made to Executive during the first six (6) months after the date Executive's employment terminates, and the first such payment shall be delayed until the day that is six (6) months after the date Executive's employment terminates.

(f) Benefits. Except as otherwise required by law, Executive's accrual of, and participation in plans providing for, the Benefits will cease at the effective Date of the Termination of employment.

(g) Conditions To Payments. To be eligible to receive (and continue to receive) and retain the payments and benefits described in Sections 16(b)(i) and 16(e), Executive must comply with the provisions of Sections 18, 19 and 20. In addition, to be eligible to receive (and continue to receive) and retain the payments and benefits described in Sections 16(b) and 16(e) Executive (or Executive's executor and personal representatives in case of death) must execute and deliver to Company, and comply with, an agreement, in form and substance reasonably satisfactory to Company, effectively releasing and giving up all claims Executive may have against Company or any of its subsidiaries or affiliates (and each of their respective controlling shareholders, employees, directors, officers, plans, fiduciaries, insurers and agents) arising out of or based upon any facts or conduct occurring prior to that date. The agreement will be prepared by Company, will be based upon the standard form (if any) then being utilized by Company for executive separations when severance is being paid, and will be provided to Executive at the time Executive's employment is terminated or as soon as administratively practicable thereafter (not to exceed five (5) business days). The agreement will require Executive to consult with Company representatives, and voluntarily appear as a witness for trial or deposition (and to prepare for any such testimony) in connection with, any claim which may be asserted by or against Company, any investigation or administrative proceeding, any matter relating to a franchise, or any business matter concerning Company or any of its transactions or operations. It is understood that the final document may not contain provisions specific to the release of a federal age discrimination claim if Executive is not at least forty (40) years of age, and may be changed as Company's chief legal counsel considers necessary and appropriate to enforce the same, including provisions to comply with changes in applicable laws and recent court decisions. Payments under and/or benefits provided by Section 16 will not continue to be made unless and until Executive executes and delivers that agreement to Company within twenty-one (21) days after delivery of the document (or such lesser time as Company's chief legal counsel may specify in the document) and all conditions to the effectiveness of that agreement and the releases contemplated thereby have been satisfied (including without limitation the expiration of any applicable revocation period without revoking acceptance).

(h) Termination Following Expiration. Executive shall not be entitled to any severance payment under this Agreement or otherwise upon a termination following the expiration of the term of this Agreement except as may result from a termination by the Company without Cause as provided in Section 15(d).

(i) Survival. The expiration or termination of the Term shall not impair the rights or obligations of any party hereto which shall have accrued hereunder prior to such expiration, subject to the terms of any agreement containing a general release provided by Executive.

(j) Definitions. For purposes of this Section 16, the terms “termination of employment” or “terminate” when used in the context of termination of employment shall mean separation from service with the Company and its affiliates as the terms “separation from service” and “affiliate” are defined in Section 409A of the Code or the regulations thereunder.

(k) Notwithstanding anything to the contrary in this Section 16, any of the benefits described in this Section 16 that are due to be paid or awarded during the first six-(6) months after the Date of Termination shall, to the extent required to avoid the additional taxes and penalties imposed under Section 409A of the Code (as determined by independent tax counsel), be suspended for six months and paid on the day after the sixth month anniversary of the Date of Termination.

17. **Excess Parachute Payment.**

(a) Anything in this Agreement or the Plan to the contrary notwithstanding, to the extent that any payment, distribution or acceleration of vesting to or for the benefit of Executive by the Company (within the meaning of Section 280G of the Code and the regulations thereunder), whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (the “Total Payments”) is or will be subject to the excise tax imposed under Section 4999 of the Code (the “Excise Tax”), then the Total Payments shall be reduced (but not below zero) to the Safe Harbor Amount (as defined below) if and to the extent that a reduction of the Total Payments would result in Executive retaining a larger amount, on an after-tax basis (taking into account federal, state and local income and employment taxes and the Excise Tax), than if Executive received the entire amount of such Total Payments in accordance with their existing terms (taking into account federal, state, and local income and employment taxes and the Excise Tax). For purposes of this Agreement, the term “Safe Harbor Amount” means the largest portion of the Total Payments that would result in no portion of the Total Payments being subject to the Excise Tax. Unless Executive shall have given prior written notice specifying a different order to the Company to effectuate the foregoing, the Company shall reduce or eliminate the Total Payments, by first reducing or eliminating the portion of the Total Payments which are payable in cash and then by reducing or eliminating non-cash payments in such order as Executive shall determine; provided that Executive may not so elect to the extent that, in the determination of the Determining Party (as defined herein), such election would cause Executive to be subject to the Excise Tax. Any notice given by Executive pursuant to the preceding sentence shall take precedence over the provisions of any other plan, arrangement or agreement governing Executive's rights and entitlements to any benefits or compensation.

(b) The determination of whether the Total Payments shall be reduced as provided in Section 17(a) and the amount of such reduction shall be made at the Company's expense by an accounting firm selected by Company from among the ten largest accounting firms in the United States or by qualified independent tax counsel (the “Determining Party”); provided that, Executive shall be given advance notice of the Determining Party selected by the Company, and shall have the opportunity to reject the selection, within two business days of being notified of the selection, on the basis of that Determining Party's having a conflict of interest or other reasonable basis, in which case the Company shall select an alternative auditing firm among the ten largest accounting firms in the United States or alternative independent qualified tax counsel, which shall become the Determining Party. Such Determining Party shall provide its determination (the “Determination”), together with detailed supporting calculations and documentation to the Company and Executive within ten (10) days of the termination of Executive's employment or at such other time mutually agreed by the Company and Executive. If the Determining Party determines that no Excise Tax is payable by Executive with respect to the Total Payments, it shall furnish Executive with an

opinion reasonably acceptable to Executive that no Excise Tax will be imposed with respect to any such payments and, absent manifest error, such Determination shall be binding, final and conclusive upon the Company and Executive. If the Determining Party determines that an Excise Tax would be payable, the Company shall have the right to accept the Determination as to the extent of the reduction, if any, pursuant to Section 17(a), or to have such Determination reviewed by another accounting firm selected by the Company, at the Company's expense. If the two accounting firms do not agree, a third accounting firm shall be jointly chosen by the Executive Party and the Company, in which case the determination of such third accounting firm shall be binding, final and conclusive upon the Company and Executive.

(c) If, notwithstanding any reduction described in this Section 17, the IRS determines that Executive is liable for the Excise Tax as a result of the receipt of any of the Total Payments or otherwise, then Executive shall be obligated to pay back to the Company, within thirty (30) days after a final IRS determination or in the event that Executive challenges the final IRS determination, a final judicial determination, a portion of the Total Payments equal to the "Repayment Amount." The Repayment Amount with respect to the payment of benefits shall be the smallest such amount, if any, as shall be required to be paid to the Company so that Executive's net after-tax proceeds with respect to the Total Payments (after taking into account the payment of the Excise Tax and all other applicable taxes imposed on the Payment) shall be maximized. The Repayment Amount shall be zero if a Repayment Amount of more than zero would not result in Executive's net after-tax proceeds with respect to the Total Payments being maximized. If the Excise Tax is not eliminated pursuant to this paragraph, the Executive shall pay the Excise Tax.

(d) Notwithstanding any other provision of this Section 17, if (i) there is a reduction in the Total Payments as described in this Section 17, (ii) the IRS later determines that Executive is liable for the Excise Tax, the payment of which would result in the maximization of Executive's net after-tax proceeds (calculated as if Executive's benefits had not previously been reduced), and (iii) Executive pays the Excise Tax, then the Company shall pay to Executive those payments or benefits which were reduced pursuant to this Section 17 as soon as administratively possible after Executive pays the Excise Tax (but not later than March 15 following the calendar year of the IRS determination) so that Executive's net after-tax proceeds with respect to the Total Payments are maximized.

#### 18. **Competition/Confidentiality.**

(a) **Acknowledgments by Executive.** Executive acknowledges that (a) during the Term and as a part of Executive's employment, Executive has been and will be afforded access to Confidential Information (as defined below); (b) public disclosure of such Confidential Information could have an adverse effect on the Company and its business; (c) because Executive possesses substantial technical expertise and skill with respect to the Company's business, Company desires to obtain exclusive ownership of each invention by Executive while Executive is employed by the Company, and Company will be at a substantial competitive disadvantage if it fails to acquire exclusive ownership of each such invention by Executive; and (d) the provisions of this Section 18 are reasonable and necessary to prevent the improper use or disclosure of Confidential Information and to provide Company with exclusive ownership of all inventions and works made or created by Executive.

(b) **Confidential Information.** (i) The Executive acknowledges that during the Term Executive will have access to and may obtain, develop, or learn of Confidential Information (as defined below) under and pursuant to a relationship of trust and confidence. The Executive shall hold such Confidential Information in strictest confidence and never at any time, during or after Executive's employment terminates, directly or indirectly use for Executive's own benefit or otherwise (except in connection with the performance of any duties as an employee hereunder) any Confidential Information, or divulge, reveal, disclose or communicate any Confidential



Information to any unauthorized person or entity in any manner whatsoever.

(ii) As used in this Agreement, the term "Confidential Information" shall include, but not be limited to, any of the following information relating to Company learned by the Executive during the Term or as a result of Executive's employment with Company:

(A) information regarding the Company's business proposals, manner of the Company's operations, and methods of selling or pricing any products or services;

(B) the identity of persons or entities actually conducting or considering conducting business with the Company, and any information in any form relating to such persons or entities and their relationship or dealings with the Company or its affiliates;

(C) any trade secret or confidential information of or concerning any business operation or business relationship;

(D) computer databases, software programs and information relating to the nature of the hardware or software and how said hardware or software is used in combination or alone;

(E) information concerning Company personnel, confidential financial information, customer or customer prospect information, information concerning subscribers, subscriber and customer lists and data, methods and formulas for estimating costs and setting prices, engineering design standards, testing procedures, research results (such as marketing surveys, programming trials or product trials), cost data (such as billing, equipment and programming cost projection models), compensation information and models, business or marketing plans or strategies, deal or business terms, budgets, vendor names, programming operations, product names, information on proposed acquisitions or dispositions, actual performance compared to budgeted performance, long-range plans, internal financial information (including but not limited to financial and operating results for certain offices, divisions, departments, and key market areas that are not disclosed to the public in such form), results of internal analyses, computer programs and programming information, techniques and designs, and trade secrets;

(F) information concerning the Company's employees, officers, directors and shareholders; and

(G) any other trade secret or information of a confidential or proprietary nature.

(iii) Executive shall not make or use any notes or memoranda relating to any Confidential Information except for uses reasonably expected by Executive to be for the benefit of the Company, and will, at Company's request, return each original and every copy of any and all notes, memoranda, correspondence, diagrams or other records, in written or other form, that Executive may at any time have within his possession or control that contain any Confidential Information.

(iv) Notwithstanding the foregoing, Confidential Information shall not include information which has come within the public domain through no fault of or action by Executive or which has become rightfully available to Executive on a non-confidential basis from any third party, the disclosure of which to Executive does not violate any contractual or legal obligation such third party has to the Company or its affiliates with respect to such Confidential Information. None of the foregoing obligations and restrictions applies to any part of the Confidential Information that

Executive demonstrates was or became generally available to the public other than as a result of a disclosure by Executive or by any other person bound by a confidentiality obligation to the Company in respect of such Confidential Information.

(v) Executive will not remove from the Company's premises (except to the extent such removal is for purposes of the performance of Executive's duties at home or while traveling, or except as otherwise specifically authorized by Company) any Company document, record, notebook, plan, model, component, device, or computer software or code, whether embodied in a disk or in any other form (collectively, the "Proprietary Items"). Executive recognizes that, as between Company and Executive, all of the Proprietary Items, whether or not developed by Executive, are the exclusive property of the Company. Upon termination of Executive's employment by either party, or upon the request of Company during the Term, Executive will return to Company all of the Proprietary Items in Executive's possession or subject to Executive's control, including all equipment (e.g., laptop computers, cell phone, portable e-mail devices, etc.), documents, files and data, and Executive shall not retain any copies, abstracts, sketches, or other physical embodiment of any such Proprietary Items.

19. **Proprietary Developments.**

(a) Any and all inventions, products, discoveries, improvements, processes, methods, computer software programs, models, techniques, or formulae (collectively, hereinafter referred to as "Developments"), made, conceived, developed, or created by Executive (alone or in conjunction with others, during regular work hours or otherwise) during Executive's employment which may be directly or indirectly useful in, or relate to, the business conducted or to be conducted by the Company will be promptly disclosed by Executive to Company and shall be Company's exclusive property. The term "Developments" shall not be deemed to include inventions, products, discoveries, improvements, processes, methods, computer software programs, models, techniques, or formulae which were in the possession of Executive prior to the Term. Executive hereby transfers and assigns to Company all proprietary rights which Executive may have or acquire in any Developments and Executive waives any other special right which the Executive may have or accrue therein. Executive will execute any documents and to take any actions that may be required, in the reasonable determination of Company's counsel, to effect and confirm such assignment, transfer and waiver, to direct the issuance of patents, trademarks, or copyrights to Company with respect to such Developments as are to be Company's exclusive property or to vest in Company title to such Developments; provided, however, that the expense of securing any patent, trademark or copyright shall be borne by Company. The parties agree that Developments shall constitute Confidential Information.

(b) "Work Made for Hire." Any work performed by Executive during Executive's employment with Company shall be considered a "Work Made for Hire" as defined in the U.S. Copyright laws, and shall be owned by and for the express benefit of Company. In the event it should be established that such work does not qualify as a Work Made for Hire, Executive agrees to and does hereby assign to Company all of Executive's right, title, and interest in such work product including, but not limited to, all copyrights and other proprietary rights.

20. **Non-Competition and Non-Interference.**

(a) Acknowledgments by Executive. Executive acknowledges and agrees that: (a) the services to be performed by Executive under this Agreement are of a special, unique, unusual, extraordinary, and intellectual character; (b) the Company competes with other businesses that are or could be located in any part of the United States; and (c) the provisions of this Section 20 are reasonable and necessary to protect the Company's business and lawful protectable interests, and do not impair Executive's ability to earn a living.

(b) Covenants of Executive. For purposes of this Section 20, the term “Restricted Period” shall mean the period commencing as of the date of this Agreement and terminating on the second anniversary (or, in the case of Section 20(b)(iii), the first anniversary), of the date Executive's employment terminated provided that the “Restricted Period” also shall encompass any period of time from whichever anniversary date is applicable until and ending on the last date Executive is to be paid any payment under Section 16 hereof. In consideration of the acknowledgments by Executive, and in consideration of the compensation and benefits to be paid or provided to Executive by Company, Executive covenants and agrees that during the Restricted Period, the Executive will not, directly or indirectly, for Executive's own benefit or for the benefit of any other person or entity other than the Company:

(i) in the United States or any other country or territory where the Company then conducts its business: engage in, operate, finance, control or be employed by a “Competitive Business” (defined below); serve as an officer or director of a Competitive Business (regardless of where Executive then lives or conducts such activities); perform any work as an employee, consultant (other than as a member of a professional consultancy, law firm, accounting firm or similar professional enterprise that has been retained by the Competitive Business and where Executive has no direct role in such professional consultancy and maintains the confidentiality of all information acquired by Executive during his or her employment with the Company), contractor, or in any other capacity with, a Competitive Business; directly or indirectly invest or own any interest in a Competitive Business (regardless of where Executive then lives or conducts such activities); or directly or indirectly provide any services or advice to a any business, person or entity who or which is engaged in a Competitive Business (other than as a member of a professional consultancy, law firm, accounting firm or similar professional enterprise that has been retained by the Competitive Business and where Executive has no direct role in such professional consultancy and maintains the confidentiality of all information acquired by Executive during his or her employment with the Company). A “Competitive Business” is any business, person or entity who or which, anywhere within that part of the United States, or that part of any other country or territory, where the Company conducts business; owns or operates a cable television system; provides direct television or any satellite-based, telephone system-based, internet-based or wireless system for delivering television, music or other entertainment programming (other than as an ancillary service, such as cellular telephone providers); provides telephony services using any wired connection or fixed (as opposed to mobile) wireless application; provides data or internet access services; or offers, provides, markets or sells any service or product of a type that is offered or marketed by or directly competitive with a service or product offered or marketed by the Company at the time Executive's employment terminates; or who or which in any case is preparing or planning to do so. The provisions of this Section 20 shall not be construed or applied (i) so as to prohibit Executive from owning not more than five percent (5%) of any class of securities that is publicly traded on any national or regional securities exchange, as long as Executive's investment is passive and Executive does not lend or provide any services or advice to such business or otherwise violate the terms of this Agreement in connection with such investment; or (ii) so as to prohibit Executive from working as an employee in the cable television business for a company/business that owns or operates cable television franchises (by way of current example only, Time Warner, Cablevision, Cox or Comcast), provided that the company/business is not providing cable services in any political subdivision/ geographic area where the Company has a franchise or provides cable services (other than nominal overlaps of service areas) and the company/business is otherwise not engaged in a Competitive Business, and provided Executive does not otherwise violate the terms of this Agreement in connection with that work;

(ii) contact, solicit or provide any service to any person or entity that was a customer franchisee, or prospective customer of the Company at any time during Executive's employment (a prospective customer being one to whom the Company had made a business proposal within twelve (12) months prior to the time Executive's employment terminated); or

directly solicit or encourage any customer, franchisee or subscriber of the Company to purchase any service or product of a type offered by or competitive with any product or service provided by the Company, or to reduce the amount or level of business purchased by such customer, franchisee or subscriber from the Company; or take away or procure for the benefit of any competitor of the Company, any business of a type provided by or competitive with a product or service offered by the Company; or

(iii) solicit or recruit for employment, any person or persons who are employed by Company or any of its subsidiaries or affiliates, or who were so employed at any time within a period of six (6) months immediately prior to the date Executive's employment terminated, or otherwise interfere with the relationship between any such person and the Company; nor will the Executive assist anyone else in recruiting any such employee to work for another company or business or discuss with any such person his or her leaving the employ of the Company or engaging in a business activity in competition with the Company. This provision shall not apply to secretarial, clerical, custodial or maintenance employees, nor shall it prohibit Executive from providing a personal reference for the person or persons described in this subsection in response to a request for such a personal reference.

If Executive violates any covenant contained in this Section 20, then the term of the covenants in this Section shall be extended by the period of time Executive was in violation of the same.

(c) Provisions Pertaining to the Covenants. Executive recognizes that the existing business of the Company extends to various locations and areas throughout the United States and may extend hereafter to other countries and territories and agrees that the scope of Section 20 shall extend to any part of the United States, and any other country or territory, where the Company operates or conducts business, or has concrete plans to do so at the time Executive's employment terminates. It is agreed that the Executive's services hereunder are special, unique, unusual and extraordinary giving them peculiar value, the loss of which cannot be reasonably or adequately compensated for by damages, and in the event of the Executive's breach of this Section, Company shall be entitled to equitable relief by way of injunction or otherwise in addition to the cessation of payments and benefits hereunder. If any provision of Sections 18, 19 or 20 of this Agreement is deemed to be unenforceable by a court (whether because of the subject matter of the provision, the duration of a restriction, the geographic or other scope of a restriction or otherwise), that provision shall not be rendered void but the parties instead agree that the court shall amend and alter such provision to such lesser degree, time, scope, extent and/or territory as will grant Company the maximum restriction on Executive's activities permitted by applicable law in such circumstances. Company's failure to exercise its rights to enforce the provisions of this Agreement shall not be affected by the existence or non existence of any other similar agreement for anyone else employed by Company or by Company's failure to exercise any of its rights under any such agreement.

(d) Notices. In order to preserve Company's rights under this Agreement, Company is authorized to advise any potential or future employer, any third party with whom Executive may become employed or enter into any business or contractual relationship with, and any third party whom Executive may contact for any such purpose, of the existence of this Agreement and its terms, and Company shall not be liable for doing so.

(e) Injunctive Relief and Additional Remedy. Executive acknowledges that the injury that would be suffered by Company as a result of a breach of the provisions of this Agreement (including any provision of Sections 18, 19 and 20) would be irreparable and that an award of monetary damages to Company for such a breach would be an inadequate remedy. Consequently, Company will have the right, in addition to any other rights it may have, to obtain injunctive relief to restrain any breach or threatened breach or otherwise to specifically enforce any provision of this Agreement, and Company will not be obligated to post bond or other security in seeking such

relief. Without limiting Company's rights under this Section or any other remedies of Company, if Executive breaches any of the provisions of Sections 18, 19 or 20, Company will have the right to cease making any payments otherwise due to Executive under this Agreement.

(f) Covenants of Sections 18, 19 and 20 are Essential and Independent Covenants. The covenants by Executive in Sections 18, 19 and 20 are essential elements of this Agreement, and without Executive's agreement to comply with such covenants, Company would not have entered into this Agreement or employed Executive. Company and Executive have independently consulted their respective counsel and have been advised in all respects concerning the reasonableness and propriety of such covenants, with specific regard to the nature of the business conducted by Company. Executive's covenants in Sections 18, 19 and 20 are independent covenants and the existence of any claim by Executive against Company, under this Agreement or otherwise, will not excuse Executive's breach of any covenant in Section 18, 19 or 20. If Executive's employment hereunder is terminated, this Agreement will continue in full force and effect as is necessary or appropriate to enforce the covenants and agreements of Executive in Sections 18, 19 and 20. The Company's right to enforce the covenants in Sections 18, 19 and 20 shall not be adversely affected or limited by the Company's failure to have an agreement with another employee with provisions at least as restrictive as those contained in Sections 18, 19 or 20, or by the Company's failure or inability to enforce (or agreement not to enforce) in full the provisions of any other or similar agreement containing one or more restrictions of the type specified in Sections 18, 19 and 20 of this Agreement.

21. **Executive's Representations and Further Agreements.**

(a) Executive represents, warrants and covenants to Company that:

(i) Neither the execution and delivery of this Agreement by Executive nor the performance of any of Executive's duties hereunder in accordance with the Agreement will violate, conflict with or result in the breach of any order, judgment, employment contract, agreement not to compete or other agreement or arrangement to which Executive is a party or is subject;

(ii) On or prior to the date hereof, Executive has furnished to Company true and complete copies of all judgments, orders, written employment contracts, agreements not to compete, and other agreements or arrangements restricting Executive's employment or business pursuits, that have current application to Executive;

(iii) Executive is knowledgeable and sophisticated as to business matters, including the subject matter of this Agreement, and that prior to assenting to the terms of this Agreement, or giving the representations and warranties herein, Executive has been given a reasonable time to review it and has consulted with counsel of Executive's choice; and

(iv) Executive has not provided, nor been requested by Company to provide, to Company, any confidential or non-public document or information of a former employer that constitutes or contains any protected trade secret, and will not use any protected trade secrets in connection with the Executive's employment.

(b) During and subsequent to expiration of the Term, the Executive will cooperate with Company, and furnish any and all complete and truthful information, testimony or affidavits in connection with any matter that arose during the Executive's employment, that in any way relates to the business or operations of the Company or any of its parent or subsidiary corporations or affiliates, or of which the Executive may have any knowledge or involvement; and will consult with and provide information to Company and its representatives concerning such matters. Executive shall fully cooperate with Company in the protection and enforcement of any

intellectual property rights that relate to services performed by Executive for Company, whether under the terms of this Agreement or prior to the execution of this Agreement. This shall include without limitation executing, acknowledging, and delivering to Company all documents or papers that may be necessary to enable Company to publish or protect such intellectual property rights. Subsequent to the Term, the parties will make their best efforts to have such cooperation performed at reasonable times and places and in a manner as not to unreasonably interfere with any other employment in which Executive may then be engaged. Nothing in this Agreement shall be construed or interpreted as requiring the Executive to provide any testimony, sworn statement or declaration that is not complete and truthful. If Company requires the Executive to travel outside the metropolitan area in the United States where the Executive then resides to provide any testimony or otherwise provide any such assistance, then Company will reimburse the Executive for any reasonable, ordinary and necessary travel and lodging expenses incurred by Executive to do so provided the Executive submits all documentation required under Company's standard travel expense reimbursement policies and as otherwise may be required to satisfy any requirements under applicable tax laws for Company to deduct those expenses. Nothing in this Agreement shall be construed or interpreted as requiring the Executive to provide any testimony or affidavit that is not complete and truthful.

22. **Mutual Non-Disparagement.** Neither the Company nor Executive shall make any oral or written statement about the other party which is intended or reasonably likely to disparage the other party, or otherwise degrade the other party's reputation in the business or legal community or in the telecommunications industry.

23. **Foreign Corrupt Practices Act.** Executive agrees to comply in all material respects with the applicable provisions of the U.S. Foreign Corrupt Practices Act of 1977 ("FCPA"), as amended, which provides generally that: under no circumstances will foreign officials, representatives, political parties or holders of public offices be offered, promised or paid any money, remuneration, things of value, or provided any other benefit, direct or indirect, in connection with obtaining or maintaining contracts or orders hereunder. When any representative, employee, agent, or other individual or organization associated with Executive is required to perform any obligation related to or in connection with this Agreement, the substance of this section shall be imposed upon such person and included in any agreement between Executive and any such person. Failure by Executive to comply with the provisions of the FCPA shall constitute a material breach of this Agreement and shall entitle the Company to terminate Executive's employment for Cause.

24. **Purchases and Sales of the Company's Securities.** Executive has read and agrees to comply in all respects with the Company's Securities Trading Policy regarding the purchase and sale of the Company's securities by employees, as such Policy may be amended from time to time. Specifically, and without limitation, Executive agrees that Executive shall not purchase or sell stock in the Company at any time (a) that Executive possesses material non-public information about the Company or any of its businesses; and (b) during any "Trading Blackout Period" as may be determined by the Company as set forth in the Policy from time to time.

25. **Indemnification.**

(a) If Executive is made a party or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter, a "proceeding"), by reason of the fact that he or she is or was a director or an officer of the Company or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter, a "Covered Person"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer,

employee or agent, shall be indemnified and held harmless by the Company to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended, against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such Covered Person in connection therewith; provided, however, that, except as provided in Section 25(c) hereof with respect to proceedings to enforce rights to indemnification, the Company shall indemnify any such Covered Person in connection with a proceeding (or part thereof) initiated by such Covered Person only if such proceeding (or part thereof) was authorized by the Board.

(b) The Company shall pay the expenses (including attorneys' fees) incurred by Executive in defending any such proceeding in advance of its final disposition (hereinafter, an "advancement of expenses"), provided, however, that, if the Delaware General Corporation Law so requires, an advancement of expenses incurred by Executive in his or her capacity as such shall be made only upon delivery to the Company of an undertaking (hereinafter, an "Undertaking"), by or on behalf of such Executive, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter, a "Final Adjudication") that Executive was not entitled to be indemnified for such expenses under this Section 25 or otherwise. The rights to indemnification and to the advancement of expenses conferred in Subsections 25(a) and (b) hereof shall be contract rights and such rights shall continue even after Executive ceases to be employed by the Company and shall inure to the benefit of Executive's heirs, executors and administrators.

(c) If a claim under Section 25(a) or (b) hereof is not paid in full by the Company within sixty (60) days after a written claim therefore has been received by the Company, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty (20) days, Executive may at any time thereafter bring suit against the Company to recover the unpaid amount of the claim. If Executive is successful in whole or in part in any such suit, or in a suit brought by the Company to recover an advancement of expenses pursuant to the terms of an Undertaking, Executive shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by Executive to enforce a right to indemnification hereunder (but not in a suit brought by Executive to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) any suit brought by the Company to recover an advancement of expenses pursuant to the terms of an Undertaking, the Company shall be entitled to recover such expenses upon a final adjudication that, Executive has not met the applicable standard for indemnification set forth in the Delaware General Corporation Law. To the fullest extent permitted by law, neither the failure of the Company (including its disinterested directors, committee thereof, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of Executive is proper in the circumstances because the Executive has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Company (including its disinterested directors, committee thereof, independent legal counsel or its stockholders) that Executive has not met such applicable standard of conduct, shall create a presumption that Executive has not met the applicable standard of conduct or, in the case of such a suit brought by Executive, be a defense to such suit. In any suit brought by Executive to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Company to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that Executive is not entitled to be indemnified, or to such advancement of expenses, under this Section 25 or otherwise shall, to the extent permitted by law, be on the Company.

(d) The rights to indemnification and to the advancement of expenses conferred in this Section 25 shall not be exclusive of any other right of indemnification which Executive or any other person may have or hereafter acquire by any statute, the Company's Certificate of Incorporation or Bylaws, agreement, vote of stockholders or disinterested directors or otherwise,

including all rights of indemnification provided by the Indemnification Agreement entered into by Executive and the Company dated as of the Effective Date.

(e) The Company may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Company or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Company would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

26. **Withholding.** Anything to the contrary notwithstanding, all payments required to be made by Company hereunder to Executive or his estate or beneficiary shall be subject to the withholding of such amounts, if any, relating to tax and other payroll deductions as the Company may reasonably determine it should withhold pursuant to applicable law or regulation.

27. **Notices.** Any written notice required by this Agreement will be deemed provided and delivered to the intended recipient when (a) delivered in person by hand; or (b) three days after being sent via U.S. certified mail, return receipt requested; or (c) the day after being sent via by overnight courier, in each case when such notice is properly addressed to the following address and with all postage and similar fees having been paid in advance:

If to the Company: Charter Communications, Inc.  
Attn: Human Resources  
12405 Powerscourt Drive  
St. Louis, MO 63131

If to Executive: Christopher Winfrey  
400 Atlantic Street  
Stamford, Connecticut 06901

Either party may change the address to which notices, requests, demands and other communications to such party shall be delivered personally or mailed by giving written notice to the other party in the manner described above.

28. **Binding Effect.** This Agreement shall be for the benefit of and binding upon the parties hereto and their respective heirs, personal representatives, legal representatives, successors and, where applicable, assigns.

29. **Entire Agreement.** This Agreement constitutes the entire agreement between the listed parties with respect to the subject matter described in this Agreement and supersedes all prior agreements, understandings and arrangements, both oral and written, between the parties with respect to such subject matter, except to the extent said agreements, understandings and arrangements are referenced or referred to in this Agreement. This Agreement may not be modified, amended, altered or rescinded in any manner, except by written instrument signed by both of the parties hereto; provided, however, that the waiver by either party of a breach or compliance with any provision of this Agreement shall not operate nor be construed as a waiver of any subsequent breach or compliance. Except to the extent the terms hereof are explicitly and directly inconsistent with the terms of the Plan, nothing herein shall be deemed to override or replace the terms of the Plan, including but not limited to sections 6.4, 9.4 and 10.4 thereof.

30. **Severability.** In case any one or more of the provisions of this Agreement shall be held by any court of competent jurisdiction or any arbitrator selected in accordance with the terms hereof to be illegal, invalid or unenforceable in any respect, such provision shall have no force and



effect, but such holding shall not affect the legality, validity or enforceability of any other provision of this Agreement provided that the provisions held illegal, invalid or unenforceable does not reflect or manifest a fundamental benefit bargained for by a party hereto.

31. **Assignment.** Subject to the Executive's right to terminate in the event of a Change of Control hereunder, this Agreement can be assigned by the Company only to a company that controls, is controlled by, or is under common control with the Company and which assumes all of the Company's obligations hereunder. The duties and covenants of Executive under this Agreement, being personal, may not be assigned or delegated except that Executive may assign payments due hereunder to a trust established for the benefit of Executive's family or to Executive's estate or to any partnership or trust entered into by Executive and/or Executive's immediate family members (meaning, Executive's spouse and lineal descendants). This agreement shall be binding in all respects on permissible assignees.

32. **Notification.** In order to preserve the Company's rights under this Agreement, the Company is authorized to advise any third party with whom Executive may become employed or enter into any business or contractual relationship with, or whom Executive may contact for any such purpose, of the existence of this Agreement and its terms, and the Company shall not be liable for doing so.

33. **Choice of Law/Jurisdiction.** This Agreement is deemed to be accepted and entered into in St. Louis County, Missouri. Executive and the Company intend and hereby acknowledge that jurisdiction over disputes with regard to this Agreement, and over all aspects of the relationship between the parties hereto, shall be governed by the laws of the State of Missouri without giving effect to its rules governing conflicts of laws. Executive agrees that in any suit to enforce this Agreement, or as to any dispute that arises between the Company and the Executive regarding or relating to this Agreement and/or any aspect of Executive's employment relationship with Company, venue and jurisdiction are proper in the County of St. Louis, and (if federal jurisdiction exists) the United States District Court for the Eastern District of Missouri in St. Louis, and Executive waives all objections to jurisdiction and venue in any such forum and any defense that such forum is not the most convenient forum.

34. **Section Headings.** The section headings contained in this Agreement are for reference purposes only and shall not affect in any manner the meaning or interpretation of this Agreement.

35. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

36. **Section 409A Compliance.** The Company and Executive intend that the provisions of this Agreement comply with the requirements of Code Section 409A and the regulations and guidance issued thereunder and be interpreted in accordance therewith. Executive will not have any discretion to designate the taxable year of payment of any amounts subject to Section 409A under any provision of this Agreement.

[remainder of page intentionally left blank]

**IN WITNESS WHEREOF**, the parties have executed this Agreement on the date and year first above written.

CHARTER COMMUNICATIONS, INC.

By: /s/ Thomas M. Rutledge

Name: Thomas M. Rutledge

Title: President and Chief Executive Officer

EXECUTIVE

/s/ Christopher Winfrey

Name: Christopher Winfrey

**EMPLOYMENT AGREEMENT**

**THIS EMPLOYMENT AGREEMENT** (the “Agreement”), dated and effective on September 17, 2012 (the “Effective Date”) is made by and between CHARTER COMMUNICATIONS, INC., a Delaware corporation (the “Company”), and Kathleen Mayo (the “Executive”).

**RECITALS:**

**WHEREAS**, it is the desire of the Company to assure itself of the services of Executive by engaging Executive as its Executive Vice President, Customer Operations and the Executive desires to serve the Company on the terms herein provided;

**WHEREAS**, Executive's agreement to the terms and conditions of Sections 18, 19 and 20 are a material and essential condition of Executive's employment with the Company hereafter under the terms of this Agreement;

**NOW, THEREFORE**, in consideration of the foregoing and of the respective covenants and agreements set forth below, the parties hereto agree as follows:

1. **Certain Definitions.**

(a) “Annual Base Salary” shall have the meaning set forth in Section 5.

(b) “Board” shall mean the Board of Directors of the Company.

(c) “Bonus” shall have the meaning set forth in Section 6.

(d) The Company shall have “Cause” to terminate Executive's employment hereunder upon:

(i) Executive's breach of a material obligation (which, if curable, is not cured within ten business (10) days after Executive receives written notice of such breach) or representation under this Agreement or breach of any fiduciary duty to the Company which, if curable, is not cured within ten business (10) days after Executive receives written notice of such breach; or any act of fraud or knowing material misrepresentation or concealment upon, to or from the Company or the Board;

(ii) Executive's failure to adhere in any material respect to (i) the Company's Code of Conduct in effect from time to time and applicable to officers and/or employees generally, or (ii) any written Company policy, if such policy is material to the effective performance by Executive of the Executive's duties under this Agreement, and if Executive has been given a reasonable opportunity to cure this failure to comply within a period of time which is reasonable under the circumstances but not more than the thirty (30) day period after written notice of such failure is provided to Executive; provided that if Executive cures this failure to comply with such a policy and then fails again to comply with the same policy, no further opportunity to cure that failure shall be required;

(iii) Executive's misappropriation (or attempted misappropriation) of a material amount of the Company's funds or property;

(iv) Executive's conviction of, the entering of a guilty plea or plea of nolo contendere or no contest (or the equivalent), or entering into any pretrial diversion program

or agreement or suspended imposition of sentence, with respect to either a felony or a crime that adversely affects or could reasonably be expected to adversely affect the Company or its business reputation; or the institution of criminal charges against Executive, which are not dismissed within sixty (60) days after institution, for fraud, embezzlement, any felony offense involving dishonesty or constituting a breach of trust or moral turpitude;

(v) Executive's admission of liability of, or finding of liability, for a knowing and deliberate violation of any "Securities Laws." As used herein, the term "Securities Laws" means any federal or state law, rule or regulation governing generally the issuance or exchange of securities, including without limitation the Securities Act of 1933, the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder;

(vi) conduct by Executive in connection with Executive's employment that constitutes gross neglect of any material duty or responsibility, willful misconduct, or recklessness which, if curable, is not cured within ten business (10) days after Executive receives written notice of such breach;

(vii) Executive's illegal possession or use of any controlled substance, or excessive use of alcohol at a work function, in connection with Executive's duties, or on Company premises; "excessive" meaning either repeated unprofessional use or any single event of consumption giving rise to significant intoxication or unprofessional behavior;

(viii) Executive's willful or grossly negligent commission of any other act or failure to act in connection with the Executive's duties as an executive of the Company which causes or reasonably may be expected (as of the time of such occurrence) to cause substantial economic injury to or substantial injury to the business reputation of the Company or any subsidiary or affiliate of the Company, including, without limitation, any material violation of the Foreign Corrupt Practices Act, as described herein below; or

(ix) Executive's being enjoined by a court of competent jurisdiction from performing his duties under this Agreement.

If Executive commits or is charged with committing any offense of the character or type specified in subparagraphs 1(d)(iv), (v) or (viii) above, then the Company at its option may suspend the Executive with or without pay. If the Executive subsequently is convicted of, pleads guilty or nolo contendere (or equivalent plea) to, or enters into any type of suspended imposition of sentence or pretrial diversion program with respect to, any such offense (or any matter that gave rise to the suspension), the Executive shall immediately repay any compensation paid in cash hereunder from the date of the suspension. Notwithstanding anything to the contrary in any stock option or equity incentive plan or award agreement, all vesting and all lapsing of restrictions on restricted shares shall be tolled during the period of suspension and all unvested options and restricted shares for which the restrictions have not lapsed shall terminate and not be exercisable by or issued to Executive if during or after such suspension the Executive is convicted of, pleads guilty or nolo contendere (or equivalent plea) to, or enters into any type of suspended imposition of sentence or pretrial diversion program with respect to, any offense specified in subparagraphs 1(d)(iv), (v) or (viii) above or any matter that gave rise to the suspension.

(e) "Change of Control" shall mean the occurrence of any of the following events:

(i) an acquisition of any voting securities of the Company by any "Person" or "Group" (as those terms are used for purposes of Section 13(d) or 14(d) of the Exchange

Act of 1934, amended (the “Exchange Act”), immediately after which such Person has “Beneficial Ownership” (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of thirty-five percent (35%) or more of the combined voting power of the Company's then outstanding voting securities; provided, however, that voting securities which are acquired in a “Non-Control Transaction” (as hereinafter defined) assuming that the acquisition of voting securities for this purpose qualifies as Merger (as hereinafter defined) shall not constitute a Change of Control; and provided further that an acquisition of Beneficial Ownership of less than fifty percent (50%) of the Company's then outstanding voting securities by any Existing 10% Shareholder (as hereinafter defined) shall not be considered to be a Change of Control under this clause (i);

(ii) the individuals who, as of immediately prior to the Effective Date are members of the Board (the “Incumbent Board”), cease for any reason to constitute a majority of the Board; provided, however, that if the election, or nomination for election by the Company's common stockholders, of any new director (excluding any director whose nomination or election to the Board is the result of any actual or threatened proxy contest or settlement thereof) was approved by a vote of at least two-thirds of the Incumbent Board, such new director shall, for purposes of this Agreement, be considered as a member of the Incumbent Board;

(iii) the consummation of a merger, consolidation or reorganization with or into the Company or in which securities of the Company are issued (a “Merger”), unless such Merger is a Non-Control Transaction. A “Non-Control Transaction” shall mean a Merger where: (1) the stockholders of the Company, immediately before such Merger own directly or indirectly immediately following such Merger more than fifty percent (50%) of the combined voting power of the outstanding voting securities of the entity resulting from such Merger or its controlling parent entity (the “Surviving Entity”), (2) the individuals who were members of the Incumbent Board immediately prior to the execution of the agreement providing for such Merger constitute at least a majority of the members of the board of directors (or similar governing body) of the Surviving Entity, and (3) no Person other (X) than the Company, its subsidiaries or affiliates or any of their respective employee benefit plans (or any trust forming a part thereof) that, immediately prior to such Merger was maintained by the Company or any subsidiary or affiliate of the Company, or (Y) any Person who, immediately prior to such Merger had Beneficial Ownership of thirty-five percent (35%) or more of the then outstanding voting securities of the Company, has Beneficial Ownership of thirty-five percent (35%) or more of the combined voting power of the outstanding voting securities or common stock of the Surviving Entity; provided that this clause (Y) shall not trigger a Change of Control solely because, after such Merger, any Existing 10% Shareholder has Beneficial Ownership of more than thirty-five percent (35%) but less than fifty percent (50%) of the combined voting power of the outstanding voting securities or common stock of the Surviving Entity;

(iv) complete liquidation or dissolution of the Company (other than where assets of the Company are transferred to or remain with subsidiaries of the Company); or

(v) the sale or other disposition of all or substantially all of the assets of the Company and its direct and indirect subsidiaries on a consolidated basis, directly or indirectly, to any Person (other than a transfer to a subsidiary or affiliate of the Company unless, such sale or disposition constitutes a Non-Control Transaction with the disposition of assets being regarded as a Merger for this purpose or the distribution to the Company's stockholders of the stock of a subsidiary or affiliate of the Company or any other assets).

Notwithstanding the foregoing a Change of Control shall not occur solely based on a filing of a Chapter 11 reorganization proceeding of the Company or the implementation of the “Joint Plan.”

(f) “Code” shall mean the Internal Revenue Code of 1986, as amended from time to time.

(g) “Committee” shall mean either the Compensation and Benefits Committee of the Board, or a Subcommittee of such Committee duly appointed by the Board or the Committee or any successor to the functions thereof.

(h) “Company” shall have the meaning set forth in the preamble hereto.

(i) “Company Stock” shall mean the common stock of the Company issued in connection with the Company's emergence from its Chapter 11 reorganization and any stock received in exchange therefor.

(j) “Date of Termination” shall mean (i) if Executive's employment is terminated by Executive's death, the date of Executive's death and (ii) if Executive's employment is terminated pursuant to Section 15(a)(ii)-(vi), the date of termination of employment, as defined in 409(A) regulations under the Code.

(k) For purposes of this Agreement, Executive will be deemed to have a “Disability” if, due to illness, injury or a physical or medically recognized mental condition, (a) Executive is unable to perform Executive's duties under this Agreement with reasonable accommodation for 120 consecutive days, or 180 days during any twelve month period, as determined in accordance with this Section, or (b) Executive is considered disabled for purposes of receiving / qualifying for long term disability benefits under any group long term disability insurance plan or policy offered by Company in which Executive participates. The Disability of Executive will be determined by a medical doctor selected by written agreement of Company and Executive upon the request of either party by notice to the other, or (in the case of and with respect to any applicable long term disability insurance policy or plan) will be determined according to the terms of the applicable long term disability insurance policy / plan. If Company and Executive cannot agree on the selection of a medical doctor, each of them will select a medical doctor and the two medical doctors will select a third medical doctor who will determine whether Executive has a Disability. The determination of the medical doctor selected under this Section will be binding on both parties. Executive must submit to a reasonable number of examinations by the medical doctor making the determination of Disability under this Section, and to other specialists designated by such medical doctor, and Executive hereby authorizes the disclosure and release to Company of such determination and all supporting medical records. If Executive is not legally competent, Executive's legal guardian or duly authorized attorney-in-fact will act in Executive's stead under this Section for the purposes of submitting Executive to the examinations, and providing the authorization of disclosure, required under this Section.

(l) “Existing 10% Shareholder” means any of AP Charter Holdings, L.P. and certain affiliated funds, Oaktree Opportunities Investments, L.P., Encore LLC and each of the funds managed by the manager (or any affiliate of such manager) of any of the aforementioned funds.

(m) “Executive” shall have the meaning set forth in the preamble hereto.

(n) "Good Reason" shall mean any of the events described herein that occur without Executive's prior written consent: (i) any reduction in Executive's Annual Base Salary, Target Bonus Percentage, or title except as permitted hereunder, (ii) any failure to pay Executive's compensation hereunder when due; (iii) any material breach by the Company of a term hereof; (iv) relocation of Executive's primary workplace to a location that is more than fifty (50) miles from the offices where Executive is then assigned to work as Executive's principal offices; (v) a transfer or reassignment to another executive of material responsibilities that have been assigned to Executive (and were not identified by the Company to be assigned only on an interim basis at the time of assignment or thereafter) and generally are part of the responsibilities and functions assigned to an Executive Vice President, Care Operations of a public corporation unless a Non-renewal Notice has been delivered to Executive at any time within one hundred ninety (190) days prior to the end of the term of this Agreement or (in each case "(i)" through "(v)" only if Executive objects in writing within 30 days after being informed of such events and unless Company retracts and/or rectifies the claimed Good Reason within 30 days following Company's receipt of timely written objection from Executive); (vi) if within six months after a Change of Control, Executive has not received an offer from the surviving company to continue in his or her position immediately prior to such Change of Control under at least the same terms and conditions (except that the value of equity-based compensation after such Change of Control need only be commensurate with the value of equity-based compensation given to executives with equivalent positions in the surviving company, if any) as set herein; or (vii) the failure of a successor to the business of the Company to assume the Company's obligations under this Agreement in the event of a Change of Control during its term.

(o) "Notice of Termination" shall have the meaning set forth in Section 15(b).

(p) "Non-renewal Notice" shall have the meaning set forth in Section 2.

(q) "Options" shall have the meaning set forth in Section 7.

(r) "Performance Unit" shall have the meaning set forth in Section 9 hereof.

(s) "Person" shall have the meaning set forth in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934.

(t) "Plan" shall mean the 2009 Stock Incentive Plan as amended by the Company from time to time.

(u) "Restricted Shares" shall have the meaning set forth in Section 8.

(v) "Term" shall have the meaning set forth in Section 2.

(w) "Voluntary" and "Voluntarily" in connection with Executive's termination of employment shall mean a termination of employment resulting from the initiative of the Executive, excluding a termination of employment attributable to Executive's death or Disability. A resignation by Executive that is in response to a communicated intent by the Company to discharge Executive other than for Cause is not considered to be "Voluntary" and shall be considered to be a termination by the Company for the purposes of this Agreement.

2. **Employment Term.** The Company hereby employs the Executive, and the Executive hereby accepts employment, under the terms and conditions hereof, for the period (the

“Term”) beginning on the Effective Date hereof and terminating upon the earlier of (i) September 17, 2014 (the “Initial Term”) and (ii) the Date of Termination as defined in Section 1(j). The Company may, in its sole discretion, extend the term of this Agreement for additional one-year periods. If the Company fails to provide Executive with at least one hundred eighty (180) days notice prior to the end of the Initial Term or any extension thereof of the Company's intent to not renew this Agreement (the “Non-renewal Notice”), the Initial Term or any previous extension thereof shall be extended one day for each day the Company does not provide the Non-renewal Notice. If the Company fails to provide any Non-renewal Notice and does not extend the term of this Agreement, the Non-renewal Notice shall be deemed to have been given to Executive on the last day of the term of this Agreement.

3. **Position and Duties.** Executive shall serve as Executive Vice President, Care Operations, initially reporting to the Chief Operating Officer, with such responsibilities, duties and authority as are customary for such role. Executive shall devote all necessary business time and attention, and employ Executive's reasonable best efforts, toward the fulfillment and execution of all assigned duties, and the satisfaction of defined annual and/or longer-term performance criteria.

4. **Place of Performance.** In connection with Executive's employment during the Term, Executive's initial primary workplace shall be the Company's offices in or near metro New York City except for necessary travel on the Company's business and including working from the St. Louis, Missouri office until the New York City metro office has been opened.

5. **Annual Base Salary.** During the Term and beginning on the Effective Date, Executive shall receive a base salary at a rate not less than \$525,000 per annum (the “Annual Base Salary”), less standard deductions, paid in accordance with the Company's general payroll practices for executives, but no less frequently than monthly. The Annual Base Salary shall compensate Executive for any official position or directorship of a subsidiary or affiliate that Executive is asked to hold in the Company or its subsidiaries or affiliates as a part of Executive's employment responsibilities. No less frequently than annually during the Term, the Committee, on advice of the Company's Chief Executive Officer, shall review the rate of Annual Base Salary payable to Executive, and may, in its discretion, increase the rate of Annual Base Salary payable hereunder; provided, however, that any increased rate shall thereafter be the rate of “Annual Base Salary” hereunder.

6. **Bonus.** Except as otherwise provided for herein, for each fiscal year or other period consistent with the Company's then-applicable normal employment practices during which Executive is employed hereunder on the last day (the “Bonus Year”), Executive shall be eligible to receive a bonus in an amount up to 75% of Executive's Annual Base Salary (the “Bonus” and bonuses at such percentage of Annual Base Salary being the “Target Bonus”) pursuant to, and as set forth in, the terms of the Executive Bonus Plan as such Plan may be amended from time to time, plus such other bonus payments, if any, as shall be determined by the Committee in its sole discretion, with such Bonus and other bonuses being paid on or before March 15 of the year next following the Bonus Year.

7. **Stock Options.** (a) The Committee may, in its discretion, grant to Executive options to purchase shares of Company Stock (all of such options, collectively, the “Options”) pursuant to the terms of the Plan, any successor plan and an associated Stock Option Agreement.

(b) As of the Effective Date, Executive shall be granted nonqualified time-vesting options at Fair Market Value (as defined in the Plan) to purchase 33,334 shares of Company Stock, which will vest one-fourth each on the first, second, third and fourth anniversaries of the Effective Date and be subject to the terms of the Company's standard time-vested Nonqualified Stock Option Agreement for the 2011-2013 Long Term Incentive Program and the Plan.



(c) As of the Effective Date, Executive shall be granted nonqualified price-vesting options at Fair Market Value (as defined in the Plan) to purchase 66,666 shares of Company Stock, 33,333 shares of Company stock at an \$80 price threshold and 33,333 shares of Company Stock at a \$100 price threshold, one-fourth of which will be eligible to vest on the first, second, third and fourth anniversaries and which shall be subject to the terms of the Company's standard price-vested Nonqualified Stock Option Agreement for the 2011-2013 Long Term Incentive Program and the Plan.

8. **Restricted Shares.** (a) The Committee may, in its discretion, grant to Executive restricted shares or units of Company Stock (collectively, the "Restricted Shares"), which shall be subject to restrictions on their sale as set forth in the Plan and an associated Restricted Shares Agreement.

(b) As of the Effective Date, Executive shall be granted 20,000 restricted stock units of Company Stock, which shall be subject to the terms of the Company's Restricted Stock Unit Agreement and the Plan, and which will vest one-fourth each on the first anniversary, the second anniversary, the third anniversary and fourth anniversary of the Effective Date.

9. **Performance Share Units.** The Committee may, in its discretion, grant to Executive performance share units subject to performance vesting conditions (the "Performance Units"), which shall be subject to restrictions on their sale as set forth in the Plan and an associated Performance Unit Grant Letter.

10. **Other Bonus Plans.** The Committee may, in its discretion, grant to Executive a right to participate in any other bonus or retention plan that the Committee may decide to establish for executives, but nothing herein shall require the Committee to do so.

11. [This section intentionally left blank.]

12. **Benefits.** Executive shall be entitled to receive such benefits and to participate in such employee group benefit plans, including life, health and disability insurance policies, and financial planning services, and other perquisites and plans as are generally provided by the Company to its senior executives of comparable level and responsibility in accordance with the plans, practices and programs of the Company, as amended from time to time; provided that, Executive shall not participate in any severance plan of the Company.

13. **Expenses.** The Company shall reimburse Executive for all reasonable and necessary expenses incurred by Executive in connection with the performance of Executive's duties as an employee of the Company in accordance with the Company's generally applicable policies and procedures. Such reimbursement is subject to the submission to the Company by Executive of appropriate documentation and/or vouchers in accordance with the customary procedures of the Company for expense reimbursement, as such procedures may be revised by the Company from time to time hereafter. In no event will an expense be reimbursed later than the last day of the calendar year following the calendar in year in which such expense is incurred.

14. **Vacations.** Executive shall be entitled to paid vacation in accordance with the Company's vacation policy as in effect from time to time provided that, in no event shall Executive be entitled to less than four (4) weeks vacation per calendar year. Executive shall also be entitled to paid holidays and personal days in accordance with the Company's practice with respect to same as in effect from time to time.

15. **Termination.**

(a) Executive's employment hereunder may be terminated by the Company, on the one hand, or Executive, on the other hand, as applicable, without any breach of this Agreement, under the following circumstances:

(i) **Death.** Executive's employment hereunder shall automatically terminate upon Executive's death.

(ii) **Disability.** If Executive has incurred a Disability, the Company may give Executive written notice of its intention to terminate Executive's employment. In such event, Executive's employment with the Company shall terminate effective on the 14th day after delivery of such notice to Executive, provided that within the 14 days after such delivery, Executive shall not have returned to full-time performance of Executive's duties. Executive may provide notice to the Company of Executive's resignation on account of a bona fide Disability at any time.

(iii) **Cause.** The Company may terminate Executive's employment hereunder for Cause effective immediately upon delivery of notice to Executive, taking into account any procedural requirements set forth under Section 1(d) above.

(iv) **Good Reason.** Executive may terminate Executive's employment herein for Good Reason upon satisfaction of any advance notice and other procedural requirements set forth under Section 1(n) above for any termination pursuant to Section 1(n)(i) through (v).

Notwithstanding the foregoing, Good Reason shall not occur solely based on a filing of a Chapter 11 reorganization proceeding of the Company or the implementation of the Joint Plan.

(v) **Without Cause.** The Company may terminate Executive's employment hereunder without Cause upon at least 30 days' advance written notice to the Executive.

(vi) **Resignation Without Good Reason.** Executive may resign Executive's employment without Good Reason upon at least fourteen (14) days' written notice to the Company.

(b) **Notice of Termination.** Any termination of Executive's employment by the Company or by Executive under this Section 15 (other than pursuant to Sections 15(a)(i)) shall be communicated by a written notice (the "Notice of Termination") to the other party hereto, indicating the specific termination provision in this Agreement relied upon, setting forth in reasonable detail any facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated, and specifying a Date of Termination which notice shall be delivered within the applicable time periods set forth in subsections 15(a)(ii)-(vi) above ( the "Notice Period"); provided that, the Company may pay to Executive all Annual Base Salary, benefits and other rights due to Executive during such Notice Period instead of employing Executive during such Notice Period.

(c) **Resignation from Representational Capacities.** Executive hereby acknowledges and agrees that upon Executive's termination of employment with the Company for whatever reason, Executive shall be deemed to have, and shall have in fact, effectively resigned from all

executive, director, offices, or other positions with the Company or its affiliates at the time of such termination of employment, and shall return all property owned by the Company and in Executive's possession, including all hardware, files and documents, at that time.

(d) Termination in Connection with Change of Control. If Executive's employment is terminated by the Company without Cause or a Non-renewal Notice has been delivered to Executive either upon or within thirty days before or thirteen (13) months after a Change of Control, or prior to a Change of Control at the request of a prospective purchaser whose proposed purchase would constitute a Change of Control upon its completion, such termination or delivery of a Non-renewal Notice shall be deemed to constitute a termination by the Company without Cause and shall be deemed to have occurred immediately before such Change of Control for purposes of this Agreement and the Plan.

#### 16. Termination Pay

(a) Effective upon the termination of Executive's employment, Company will be obligated to pay Executive (or, in the event of Executive's death, the Executive's designated beneficiary as defined below) only such compensation as is provided in this Section 16, except to the extent otherwise provided for in any Company stock incentive, stock option or cash award plan (including, among others, the Plan), approved by the Board. For purposes of this Section 16, Executive's designated beneficiary will be such individual beneficiary or trust, located at such address, as Executive may designate by notice to Company from time to time or, if Executive fails to give notice to Company of such a beneficiary, Executive's estate. Notwithstanding the preceding sentence, Company will have no duty, in any circumstances, to attempt to open an estate on behalf of Executive, to determine whether any beneficiary designated by Executive is alive or to ascertain the address of any such beneficiary, to determine the existence of any trust, to determine whether any person purporting to act as Executive's personal representative (or the trustee of a trust established by Executive) is duly authorized to act in that capacity, or to locate or attempt to locate any beneficiary, personal representative, or trustee

(b) Termination by Executive for Good Reason or by Company without Cause. If prior to expiration of the Term, Executive terminates his or her employment for Good Reason, or if the Company terminates Executive's employment other than for Cause or Executive's death or Disability, Executive will be entitled to receive, subject to the conditions of this Agreement, the following:

(i) (A) all Annual Base Salary and Bonus duly payable under the applicable plan for performance periods ending prior to the Date of Termination, but unpaid as of the Date of Termination, plus (B) in consideration for Executive's obligations set forth in Sections 18, 19 and 20 hereof, an amount equal to two (2) times the Executive's then-current rate of Annual Base Salary and Target Bonus, which total sum shall be payable immediately following the Date of Termination in fifty-two (52) equal bi-weekly installments in accordance with the Company's normal payroll practices commencing with the next payroll date immediately following the 30 day anniversary of the Date of Termination; provided that, if a Change of Control occurs (or is deemed pursuant to Section 15(d) hereof to have occurred after such termination) during such twenty-four (24) month period (and such Change of Control qualifies either as a "change in the ownership or effective control" of the Company or a "change in the ownership of a substantial portion of the assets" of the Company as such terms are defined under Section 409A of the Code), any amounts remaining payable to Executive hereunder shall be paid in a single lump sum immediately upon such Change of Control;

(ii) all reasonable expenses Executive has incurred in the pursuit of Executive's duties under this Agreement through the Date of Termination which are payable under and in accordance with this Agreement, which amount will be paid within thirty (30) days after the submission by Executive of properly completed reimbursement requests on the Company's standard forms, provided that, in no event will an expense be reimbursed later than the last day of the calendar year following the calendar in year in which such expense is incurred;

(iii) a lump sum payment (net after deduction of taxes and other required withholdings) equal to twenty-four (24) times the monthly cost, at the time Executive's employment terminated, for Executive to receive under COBRA the paid coverage for health, dental and vision benefits then being provided for Executive at the Company's cost at the time Executive's employment terminated. This amount will be paid on the next payroll date immediately following the 30 day anniversary of the Date of Termination and will not take into account future increases in costs during the applicable time period;

(iv) vesting of equity awards and long term incentives as provided in the applicable award agreement and plan;  
and

(v) pay the cost of up to twelve (12) months, as required, of executive-level outplacement services (which provides as part of the outplacement services the use of an office and secretarial support as near as reasonably practicable to Executive's residence), provided that, in no event will an expense be reimbursed later than the last day of the calendar year following the calendar in year in which such expense is incurred;

(c) The Executive shall not be required to mitigate the amount of any payments provided in this Section 16, by seeking other employment or otherwise, nor shall the amount of any payment provided for in this Section 16 be reduced by any compensation earned by Executive as a result of employment by another company or business, or by profits earned by Employee from any other source at any time before or after the date of Termination, so long as Executive is not in breach of the Agreement.

(d) Termination by Executive without Good Reason or by Company for Cause. If prior to the expiration of the Term or thereafter, Executive Voluntarily terminates Executive's employment prior to expiration of the Term without Good Reason or if Company terminates this Agreement for Cause, Executive will be entitled to receive Executive's then-existing Annual Base Salary only through the date such termination is effective in accordance with regular payroll practices and will be reimbursed for all reasonable expenses Executive has incurred in the pursuit of Executive's duties under this Agreement through the date of termination which are payable under and in accordance with this Agreement; any unvested options and shares of restricted stock shall terminate as of the date of termination unless otherwise provided for in any applicable plan or award agreement, and Executive shall be entitled to no other compensation, bonus, payments or benefits except as expressly provided in this paragraph. Notwithstanding the foregoing, if, prior to the expiration of the Term, Executive Voluntarily terminates Executive's employment after the end of a fiscal year but prior to the date on which the bonus described in Section 6 is paid, Executive shall be entitled to receive such bonus, to the extent earned and unpaid, in accordance with Section 6.

(e) Termination upon Disability or Death. If Executive's employment shall terminate by reason of Executive's Disability (pursuant to Section 15(a)(ii)) or death (pursuant to Section 15(a)(i)), the Company shall pay to Executive, in a lump sum cash payment following the Date of

Termination, all unpaid Annual Base Salary through the Date of Termination in accordance with regular payroll practices and the Bonus previously earned for a performance period ending prior to the Date of Termination, but unpaid as of the Date of Termination, and the pro rata portion of the Bonus for such year (when and as such Bonuses are paid to other senior executives of the Company) for the Performance Period in which the termination occurred. In the case of Disability, if there is a period of time during which Executive is not being paid Annual Base Salary and not receiving long-term disability insurance payments, the Company shall make interim payments equal to such unpaid disability insurance payments to Executive until commencement of disability insurance payments; provided that, to the extent required to avoid the tax consequences of Section 409A of the Code, as determined by independent tax counsel, the first payment shall cover all payments scheduled to be made to Executive during the first six (6) months after the date Executive's employment terminates, and the first such payment shall be delayed until the day that is six (6) months after the date Executive's employment terminates.

(f) Benefits. Except as otherwise required by law, Executive's accrual of, and participation in plans providing for, the Benefits will cease at the effective Date of the Termination of employment.

(g) Conditions To Payments. To be eligible to receive (and continue to receive) and retain the payments and benefits described in Sections 16(b)(i) and 16(e), Executive must comply with the provisions of Sections 18, 19 and 20. In addition, to be eligible to receive (and continue to receive) and retain the payments and benefits described in Sections 16(b) and 16(e) Executive (or Executive's executor and personal representatives in case of death) must execute and deliver to Company, and comply with, an agreement, in form and substance reasonably satisfactory to Company, effectively releasing and giving up all claims Executive may have against Company or any of its subsidiaries or affiliates (and each of their respective controlling shareholders, employees, directors, officers, plans, fiduciaries, insurers and agents) arising out of or based upon any facts or conduct occurring prior to that date. The agreement will be prepared by Company, will be based upon the standard form (if any) then being utilized by Company for executive separations when severance is being paid, and will be provided to Executive at the time Executive's employment is terminated or as soon as administratively practicable thereafter (not to exceed five (5) business days). The agreement will require Executive to consult with Company representatives, and voluntarily appear as a witness for trial or deposition (and to prepare for any such testimony) in connection with, any claim which may be asserted by or against Company, any investigation or administrative proceeding, any matter relating to a franchise, or any business matter concerning Company or any of its transactions or operations. It is understood that the final document may not contain provisions specific to the release of a federal age discrimination claim if Executive is not at least forty (40) years of age, and may be changed as Company's chief legal counsel considers necessary and appropriate to enforce the same, including provisions to comply with changes in applicable laws and recent court decisions. Payments under and/or benefits provided by Section 16 will not continue to be made unless and until Executive executes and delivers that agreement to Company within twenty-one (21) days after delivery of the document (or such lesser time as Company's chief legal counsel may specify in the document) and all conditions to the effectiveness of that agreement and the releases contemplated thereby have been satisfied (including without limitation the expiration of any applicable revocation period without revoking acceptance).

(h) Termination Following Expiration. Executive shall not be entitled to any severance payment under this Agreement or otherwise upon a termination following the expiration of the Term except as may result from a termination by the Company without Cause as provided in Section 15(d) during the Term.

(i) Survival. The expiration or termination of the Term shall not impair the rights or obligations of any party hereto which shall have accrued hereunder prior to such expiration, subject to the terms of any agreement containing a general release provided by Executive.

(j) Definitions. For purposes of this Section 16, the terms “termination of employment” or “terminate” when used in the context of termination of employment shall mean separation from service with the Company and its affiliates as the terms “separation from service” and “affiliate” are defined in Section 409A of the Code or the regulations thereunder.

(k) Notwithstanding anything to the contrary in this Section 16, any of the benefits described in this Section 16 that are due to be paid or awarded during the first six-(6) months after the Date of Termination shall, to the extent required to avoid the additional taxes and penalties imposed under Section 409A of the Code (as determined by independent tax counsel), be suspended for six months and paid on the day after the sixth month anniversary of the Date of Termination.

17. **Excess Parachute Payment.**

(a) Anything in this Agreement or the Plan to the contrary notwithstanding, to the extent that any payment, distribution or acceleration of vesting to or for the benefit of Executive by the Company (within the meaning of Section 280G of the Code and the regulations thereunder), whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (the “Total Payments”) is or will be subject to the excise tax imposed under Section 4999 of the Code (the “Excise Tax”), then the Total Payments shall be reduced (but not below zero) to the Safe Harbor Amount (as defined below) if and to the extent that a reduction of the Total Payments would result in Executive retaining a larger amount, on an after-tax basis (taking into account federal, state and local income and employment taxes and the Excise Tax), than if Executive received the entire amount of such Total Payments in accordance with their existing terms (taking into account federal, state, and local income and employment taxes and the Excise Tax). For purposes of this Agreement, the term “Safe Harbor Amount” means the largest portion of the Total Payments that would result in no portion of the Total Payments being subject to the Excise Tax. Unless Executive shall have given prior written notice specifying a different order to the Company to effectuate the foregoing, the Company shall reduce or eliminate the Total Payments, by first reducing or eliminating the portion of the Total Payments which are payable in cash and then by reducing or eliminating non-cash payments in such order as Executive shall determine; provided that Executive may not so elect to the extent that, in the determination of the Determining Party (as defined herein), such election would cause Executive to be subject to the Excise Tax. Any notice given by Executive pursuant to the preceding sentence shall take precedence over the provisions of any other plan, arrangement or agreement governing Executive's rights and entitlements to any benefits or compensation.

(b) The determination of whether the Total Payments shall be reduced as provided in Section 17(a) and the amount of such reduction shall be made at the Company's expense by an accounting firm selected by Company from among the ten largest accounting firms in the United States or by qualified independent tax counsel (the “Determining Party”); provided that, Executive shall be given advance notice of the Determining Party selected by the Company, and shall have the opportunity to reject the selection, within two business days of being notified of the selection, on the basis of that Determining Party's having a conflict of interest or other reasonable basis, in which case the Company shall select an alternative auditing firm among the ten largest accounting firms in the United States or alternative independent qualified tax counsel, which shall become the Determining Party. Such Determining Party shall provide its determination (the “Determination”),

together with detailed supporting calculations and documentation to the Company and Executive within ten (10) days of the termination of Executive's employment or at such other time mutually agreed by the Company and Executive. If the Determining Party determines that no Excise Tax is payable by Executive with respect to the Total Payments, it shall furnish Executive with an opinion reasonably acceptable to Executive that no Excise Tax will be imposed with respect to any such payments and, absent manifest error, such Determination shall be binding, final and conclusive upon the Company and Executive. If the Determining Party determines that an Excise Tax would be payable, the Company shall have the right to accept the Determination as to the extent of the reduction, if any, pursuant to Section 17(a), or to have such Determination reviewed by another accounting firm selected by the Company, at the Company's expense. If the two accounting firms do not agree, a third accounting firm shall be jointly chosen by the Executive Party and the Company, in which case the determination of such third accounting firm shall be binding, final and conclusive upon the Company and Executive.

(c) If, notwithstanding any reduction described in this Section 17, the IRS determines that Executive is liable for the Excise Tax as a result of the receipt of any of the Total Payments or otherwise, then Executive shall be obligated to pay back to the Company, within thirty (30) days after a final IRS determination or in the event that Executive challenges the final IRS determination, a final judicial determination, a portion of the Total Payments equal to the "Repayment Amount." The Repayment Amount with respect to the payment of benefits shall be the smallest such amount, if any, as shall be required to be paid to the Company so that Executive's net after-tax proceeds with respect to the Total Payments (after taking into account the payment of the Excise Tax and all other applicable taxes imposed on the Payment) shall be maximized. The Repayment Amount shall be zero if a Repayment Amount of more than zero would not result in Executive's net after-tax proceeds with respect to the Total Payments being maximized. If the Excise Tax is not eliminated pursuant to this paragraph, the Executive shall pay the Excise Tax.

(d) Notwithstanding any other provision of this Section 17, if (i) there is a reduction in the Total Payments as described in this Section 17, (ii) the IRS later determines that Executive is liable for the Excise Tax, the payment of which would result in the maximization of Executive's net after-tax proceeds (calculated as if Executive's benefits had not previously been reduced), and (iii) Executive pays the Excise Tax, then the Company shall pay to Executive those payments or benefits which were reduced pursuant to this Section 17 as soon as administratively possible after Executive pays the Excise Tax (but not later than March 15 following the calendar year of the IRS determination) so that Executive's net after-tax proceeds with respect to the Total Payments are maximized.

18. **Competition/Confidentiality.**

(a) Acknowledgments by Executive. Executive acknowledges that (a) during the Term and as a part of Executive's employment, Executive has been and will be afforded access to Confidential Information (as defined below); (b) public disclosure of such Confidential Information could have an adverse effect on the Company and its business; (c) because Executive possesses substantial technical expertise and skill with respect to the Company's business, Company desires to obtain exclusive ownership of each invention by Executive while Executive is employed by the Company, and Company will be at a substantial competitive disadvantage if it fails to acquire exclusive ownership of each such invention by Executive; and (d) the provisions of this Section 18 are reasonable and necessary to prevent the improper use or disclosure of Confidential Information and to provide Company with exclusive ownership of all inventions and works made or created by Executive.

(b) Confidential Information. (i) The Executive acknowledges that during the Term Executive will have access to and may obtain, develop, or learn of Confidential Information (as

defined below) under and pursuant to a relationship of trust and confidence. The Executive shall hold such Confidential Information in strictest confidence and never at any time, during or after Executive's employment terminates, directly or indirectly use for Executive's own benefit or otherwise (except in connection with the performance of any duties as an employee hereunder) any Confidential Information, or divulge, reveal, disclose or communicate any Confidential Information to any unauthorized person or entity in any manner whatsoever.

(ii) As used in this Agreement, the term "Confidential Information" shall include, but not be limited to, any of the following information relating to Company learned by the Executive during the Term or as a result of Executive's employment with Company:

(A) information regarding the Company's business proposals, manner of the Company's operations, and methods of selling or pricing any products or services;

(B) the identity of persons or entities actually conducting or considering conducting business with the Company, and any information in any form relating to such persons or entities and their relationship or dealings with the Company or its affiliates;

(C) any trade secret or confidential information of or concerning any business operation or business relationship;

(D) computer databases, software programs and information relating to the nature of the hardware or software and how said hardware or software is used in combination or alone;

(E) information concerning Company personnel, confidential financial information, customer or customer prospect information, information concerning subscribers, subscriber and customer lists and data, methods and formulas for estimating costs and setting prices, engineering design standards, testing procedures, research results (such as marketing surveys, programming trials or product trials), cost data (such as billing, equipment and programming cost projection models), compensation information and models, business or marketing plans or strategies, deal or business terms, budgets, vendor names, programming operations, product names, information on proposed acquisitions or dispositions, actual performance compared to budgeted performance, long-range plans, internal financial information (including but not limited to financial and operating results for certain offices, divisions, departments, and key market areas that are not disclosed to the public in such form), results of internal analyses, computer programs and programming information, techniques and designs, and trade secrets;

(F) information concerning the Company's employees, officers, directors and shareholders; and

(G) any other trade secret or information of a confidential or proprietary nature.

(iii) Executive shall not make or use any notes or memoranda relating to any Confidential Information except for uses reasonably expected by Executive to be for the benefit of the Company, and will, at Company's request, return each original and every copy of any and all notes, memoranda, correspondence, diagrams or other records, in written or other form, that Executive may at any time have within his possession or control that contain any Confidential Information.

(iv) Notwithstanding the foregoing, Confidential Information shall not include information which has come within the public domain through no fault of or action by Executive



or which has become rightfully available to Executive on a non-confidential basis from any third party, the disclosure of which to Executive does not violate any contractual or legal obligation such third party has to the Company or its affiliates with respect to such Confidential Information. None of the foregoing obligations and restrictions applies to any part of the Confidential Information that Executive demonstrates was or became generally available to the public other than as a result of a disclosure by Executive or by any other person bound by a confidentiality obligation to the Company in respect of such Confidential Information.

(v) Executive will not remove from the Company's premises (except to the extent such removal is for purposes of the performance of Executive's duties at home or while traveling, or except as otherwise specifically authorized by Company) any Company document, record, notebook, plan, model, component, device, or computer software or code, whether embodied in a disk or in any other form (collectively, the "Proprietary Items"). Executive recognizes that, as between Company and Executive, all of the Proprietary Items, whether or not developed by Executive, are the exclusive property of the Company. Upon termination of Executive's employment by either party, or upon the request of Company during the Term, Executive will return to Company all of the Proprietary Items in Executive's possession or subject to Executive's control, including all equipment (e.g., laptop computers, cell phone, portable e-mail devices, etc.), documents, files and data, and Executive shall not retain any copies, abstracts, sketches, or other physical embodiment of any such Proprietary Items.

19. **Proprietary Developments.**

(a) Any and all inventions, products, discoveries, improvements, processes, methods, computer software programs, models, techniques, or formulae (collectively, hereinafter referred to as "Developments"), made, conceived, developed, or created by Executive (alone or in conjunction with others, during regular work hours or otherwise) during Executive's employment which may be directly or indirectly useful in, or relate to, the business conducted or to be conducted by the Company will be promptly disclosed by Executive to Company and shall be Company's exclusive property. The term "Developments" shall not be deemed to include inventions, products, discoveries, improvements, processes, methods, computer software programs, models, techniques, or formulae which were in the possession of Executive prior to the Term. Executive hereby transfers and assigns to Company all proprietary rights which Executive may have or acquire in any Developments and Executive waives any other special right which the Executive may have or accrue therein. Executive will execute any documents and to take any actions that may be required, in the reasonable determination of Company's counsel, to effect and confirm such assignment, transfer and waiver, to direct the issuance of patents, trademarks, or copyrights to Company with respect to such Developments as are to be Company's exclusive property or to vest in Company title to such Developments; provided, however, that the expense of securing any patent, trademark or copyright shall be borne by Company. The parties agree that Developments shall constitute Confidential Information.

(b) "Work Made for Hire." Any work performed by Executive during Executive's employment with Company shall be considered a "Work Made for Hire" as defined in the U.S. Copyright laws, and shall be owned by and for the express benefit of Company. In the event it should be established that such work does not qualify as a Work Made for Hire, Executive agrees to and does hereby assign to Company all of Executive's right, title, and interest in such work product including, but not limited to, all copyrights and other proprietary rights.

20. **Non-Competition and Non-Interference.**

(a) **Acknowledgments by Executive.** Executive acknowledges and agrees that: (a) the services to be performed by Executive under this Agreement are of a special, unique, unusual, extraordinary, and intellectual character; (b) the Company competes with other businesses that are or could be located in any part of the United States; and (c) the provisions of this Section 20 are reasonable and necessary to protect the Company's business and lawful protectable interests, and do not impair Executive's ability to earn a living.

(b) **Covenants of Executive.** For purposes of this Section 20, the term "Restricted Period" shall mean the period commencing as of the date of this Agreement and terminating on the second anniversary (or, in the case of Section 20(b)(iii), the first anniversary), of the date Executive's employment terminated provided that the "Restricted Period" also shall encompass any period of time from whichever anniversary date is applicable until and ending on the last date Executive is to be paid any payment under Section 16 hereof. In consideration of the acknowledgments by Executive, and in consideration of the compensation and benefits to be paid or provided to Executive by Company, Executive covenants and agrees that during the Restricted Period, the Executive will not, directly or indirectly, for Executive's own benefit or for the benefit of any other person or entity other than the Company:

(i) in the United States or any other country or territory where the Company then conducts its business: engage in, operate, finance, control or be employed by a "Competitive Business" (defined below); serve as an officer or director of a Competitive Business (regardless of where Executive then lives or conducts such activities); perform any work as an employee, consultant (other than as a member of a professional consultancy, law firm, accounting firm or similar professional enterprise that has been retained by the Competitive Business and where Executive has no direct role in such professional consultancy and maintains the confidentiality of all information acquired by Executive during his or her employment with the Company), contractor, or in any other capacity with, a Competitive Business; directly or indirectly invest or own any interest in a Competitive Business (regardless of where Executive then lives or conducts such activities); or directly or indirectly provide any services or advice to a any business, person or entity who or which is engaged in a Competitive Business (other than as a member of a professional consultancy, law firm, accounting firm or similar professional enterprise that has been retained by the Competitive Business and where Executive has no direct role in such professional consultancy and maintains the confidentiality of all information acquired by Executive during his or her employment with the Company). A "Competitive Business" is any business, person or entity who or which, anywhere within that part of the United States, or that part of any other country or territory, where the Company conducts business; owns or operates a cable television system; provides direct television or any satellite-based, telephone system-based, internet-based or wireless system for delivering television, music or other entertainment programming (other than as an ancillary service, such as cellular telephone providers); provides telephony services using any wired connection or fixed (as opposed to mobile) wireless application; provides data or internet access services; or offers, provides, markets or sells any service or product of a type that is offered or marketed by or directly competitive with a service or product offered or marketed by the Company at the time Executive's employment terminates; or who or which in any case is preparing or planning to do so. The provisions of this Section 20 shall not be construed or applied (i) so as to prohibit Executive from owning not more than five percent (5%) of any class of securities that is publicly traded on any national or regional securities exchange, as long as Executive's investment is passive and Executive does not lend or provide any services or advice to such business or otherwise violate the terms of this Agreement in connection with such investment; or (ii) so as to prohibit Executive from working as an employee in the cable

television business for a company/business that owns or operates cable television franchises (by way of current example only, Time Warner, Cablevision, Cox or Comcast), provided that the company/business is not providing cable services in any political subdivision/geographic area where the Company has a franchise or provides cable services (other than nominal overlaps of service areas) and the company/business is otherwise not engaged in a Competitive Business, and provided Executive does not otherwise violate the terms of this Agreement in connection with that work;

(ii) contact, solicit or provide any service to any person or entity that was a customer franchisee, or prospective customer of the Company at any time during Executive's employment (a prospective customer being one to whom the Company had made a business proposal within twelve (12) months prior to the time Executive's employment terminated); or directly solicit or encourage any customer, franchisee or subscriber of the Company to purchase any service or product of a type offered by or competitive with any product or service provided by the Company, or to reduce the amount or level of business purchased by such customer, franchisee or subscriber from the Company; or take away or procure for the benefit of any competitor of the Company, any business of a type provided by or competitive with a product or service offered by the Company; or

(iii) solicit or recruit for employment, any person or persons who are employed by Company or any of its subsidiaries or affiliates, or who were so employed at any time within a period of six (6) months immediately prior to the date Executive's employment terminated, or otherwise interfere with the relationship between any such person and the Company; nor will the Executive assist anyone else in recruiting any such employee to work for another company or business or discuss with any such person his or her leaving the employ of the Company or engaging in a business activity in competition with the Company. This provision shall not apply to secretarial, clerical, custodial or maintenance employees.

If Executive violates any covenant contained in this Section 20, then the term of the covenants in this Section shall be extended by the period of time Executive was in violation of the same.

(c) Provisions Pertaining to the Covenants. Executive recognizes that the existing business of the Company extends to various locations and areas throughout the United States and may extend hereafter to other countries and territories and agrees that the scope of Section 20 shall extend to any part of the United States, and any other country or territory, where the Company operates or conducts business, or has concrete plans to do so at the time Executive's employment terminates. It is agreed that the Executive's services hereunder are special, unique, unusual and extraordinary giving them peculiar value, the loss of which cannot be reasonably or adequately compensated for by damages, and in the event of the Executive's breach of this Section, Company shall be entitled to equitable relief by way of injunction or otherwise in addition to the cessation of payments and benefits hereunder. If any provision of Sections 18, 19 or 20 of this Agreement is deemed to be unenforceable by a court (whether because of the subject matter of the provision, the duration of a restriction, the geographic or other scope of a restriction or otherwise), that provision shall not be rendered void but the parties instead agree that the court shall amend and alter such provision to such lesser degree, time, scope, extent and/or territory as will grant Company the maximum restriction on Executive's activities permitted by applicable law in such circumstances. Company's failure to exercise its rights to enforce the provisions of this Agreement shall not be affected by the existence or non existence of any other similar agreement for anyone else employed by Company or by Company's failure to exercise any of its rights under any such agreement.

(d) Notices. In order to preserve Company's rights under this Agreement, Company is authorized to advise any potential or future employer, any third party with whom Executive may

become employed or enter into any business or contractual relationship with, and any third party whom Executive may contact for any such purpose, of the existence of this Agreement and its terms, and Company shall not be liable for doing so.

(e) Injunctive Relief and Additional Remedy. Executive acknowledges that the injury that would be suffered by Company as a result of a breach of the provisions of this Agreement (including any provision of Sections 18, 19 and 20) would be irreparable and that an award of monetary damages to Company for such a breach would be an inadequate remedy. Consequently, Company will have the right, in addition to any other rights it may have, to obtain injunctive relief to restrain any breach or threatened breach or otherwise to specifically enforce any provision of this Agreement, and Company will not be obligated to post bond or other security in seeking such relief. Without limiting Company's rights under this Section or any other remedies of Company, if Executive breaches any of the provisions of Sections 18, 19 or 20, Company will have the right to cease making any payments otherwise due to Executive under this Agreement.

(f) Covenants of Sections 18, 19 and 20 are Essential and Independent Covenants. The covenants by Executive in Sections 18, 19 and 20 are essential elements of this Agreement, and without Executive's agreement to comply with such covenants, Company would not have entered into this Agreement or employed Executive. Company and Executive have independently consulted their respective counsel and have been advised in all respects concerning the reasonableness and propriety of such covenants, with specific regard to the nature of the business conducted by Company. Executive's covenants in Sections 18, 19 and 20 are independent covenants and the existence of any claim by Executive against Company, under this Agreement or otherwise, will not excuse Executive's breach of any covenant in Section 18, 19 or 20. If Executive's employment hereunder is terminated, this Agreement will continue in full force and effect as is necessary or appropriate to enforce the covenants and agreements of Executive in Sections 18, 19 and 20. The Company's right to enforce the covenants in Sections 18, 19 and 20 shall not be adversely affected or limited by the Company's failure to have an agreement with another employee with provisions at least as restrictive as those contained in Sections 18, 19 or 20, or by the Company's failure or inability to enforce (or agreement not to enforce) in full the provisions of any other or similar agreement containing one or more restrictions of the type specified in Sections 18, 19 and 20 of this Agreement.

21. Executive's Representations and Further Agreements.

(a) Executive represents, warrants and covenants to Company that:

(i) Neither the execution and delivery of this Agreement by Executive nor the performance of any of Executive's duties hereunder in accordance with the Agreement will violate, conflict with or result in the breach of any order, judgment, employment contract, agreement not to compete or other agreement or arrangement to which Executive is a party or is subject;

(ii) On or prior to the date hereof, Executive has furnished to Company true and complete copies of all judgments, orders, written employment contracts, agreements not to compete, and other agreements or arrangements restricting Executive's employment or business pursuits, that have current application to Executive;

(iii) Executive is knowledgeable and sophisticated as to business matters, including the subject matter of this Agreement, and that prior to assenting to the terms of this Agreement, or giving the representations and warranties herein, Executive has been given a reasonable time to review it and has consulted with counsel of Executive's choice; and

(iv) Executive has not provided, nor been requested by Company to provide, to Company, any confidential or non-public document or information of a former employer that constitutes or contains any protected trade secret, and will not use any protected trade secrets in connection with the Executive's employment.

(b) During and subsequent to expiration of the Term, the Executive will cooperate with Company, and furnish any and all complete and truthful information, testimony or affidavits in connection with any matter that arose during the Executive's employment, that in any way relates to the business or operations of the Company or any of its parent or subsidiary corporations or affiliates, or of which the Executive may have any knowledge or involvement; and will consult with and provide information to Company and its representatives concerning such matters. Executive shall fully cooperate with Company in the protection and enforcement of any intellectual property rights that relate to services performed by Executive for Company, whether under the terms of this Agreement or prior to the execution of this Agreement. This shall include without limitation executing, acknowledging, and delivering to Company all documents or papers that may be necessary to enable Company to publish or protect such intellectual property rights. Subsequent to the Term, the parties will make their best efforts to have such cooperation performed at reasonable times and places and in a manner as not to unreasonably interfere with any other employment in which Executive may then be engaged. Nothing in this Agreement shall be construed or interpreted as requiring the Executive to provide any testimony, sworn statement or declaration that is not complete and truthful. If Company requires the Executive to travel outside the metropolitan area in the United States where the Executive then resides to provide any testimony or otherwise provide any such assistance, then Company will reimburse the Executive for any reasonable, ordinary and necessary travel and lodging expenses incurred by Executive to do so provided the Executive submits all documentation required under Company's standard travel expense reimbursement policies and as otherwise may be required to satisfy any requirements under applicable tax laws for Company to deduct those expenses. Nothing in this Agreement shall be construed or interpreted as requiring the Executive to provide any testimony or affidavit that is not complete and truthful.

22. **Mutual Non-Disparagement.** Neither the Company nor Executive shall make any oral or written statement about the other party which is intended or reasonably likely to disparage the other party, or otherwise degrade the other party's reputation in the business or legal community or in the telecommunications industry.

23. **Foreign Corrupt Practices Act.** Executive agrees to comply in all material respects with the applicable provisions of the U.S. Foreign Corrupt Practices Act of 1977 ("FCPA"), as amended, which provides generally that: under no circumstances will foreign officials, representatives, political parties or holders of public offices be offered, promised or paid any money, remuneration, things of value, or provided any other benefit, direct or indirect, in connection with obtaining or maintaining contracts or orders hereunder. When any representative, employee, agent, or other individual or organization associated with Executive is required to perform any obligation related to or in connection with this Agreement, the substance of this section shall be imposed upon such person and included in any agreement between Executive and any such person. Failure by Executive to comply with the provisions of the FCPA shall constitute a material breach of this Agreement and shall entitle the Company to terminate Executive's employment for Cause.

24. **Purchases and Sales of the Company's Securities.** Executive has read and agrees to comply in all respects with the Company's Securities Trading Policy regarding the purchase and sale of the Company's securities by employees, as such Policy may be amended from time to time. Specifically, and without limitation, Executive agrees that Executive shall not purchase or sell stock in the Company at any time (a) that Executive possesses material non-public

information about the Company or any of its businesses; and (b) during any “Trading Blackout Period” as may be determined by the Company as set forth in the Policy from time to time.

25. **Indemnification.**

(a) If Executive is made a party or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter, a “proceeding”), by reason of the fact that he or she is or was a director or an officer of the Company or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter, a “Covered Person”), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the Company to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended, against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such Covered Person in connection therewith; provided, however, that, except as provided in Section 25(c) hereof with respect to proceedings to enforce rights to indemnification, the Company shall indemnify any such Covered Person in connection with a proceeding (or part thereof) initiated by such Covered Person only if such proceeding (or part thereof) was authorized by the Board.

(b) The Company shall pay the expenses (including attorneys' fees) incurred by Executive in defending any such proceeding in advance of its final disposition (hereinafter, an “advancement of expenses”), provided, however, that, if the Delaware General Corporation Law so requires, an advancement of expenses incurred by Executive in his or her capacity as such shall be made only upon delivery to the Company of an undertaking (hereinafter, an “Undertaking”), by or on behalf of such Executive, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter, a “Final Adjudication”) that Executive was not entitled to be indemnified for such expenses under this Section 25 or otherwise. The rights to indemnification and to the advancement of expenses conferred in Subsections 25(a) and (b) hereof shall be contract rights and such rights shall continue even after Executive ceases to be employed by the Company and shall inure to the benefit of Executive's heirs, executors and administrators.

(c) If a claim under Section 25(a) or (b) hereof is not paid in full by the Company within sixty (60) days after a written claim therefore has been received by the Company, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty (20) days, Executive may at any time thereafter bring suit against the Company to recover the unpaid amount of the claim. If Executive is successful in whole or in part in any such suit, or in a suit brought by the Company to recover an advancement of expenses pursuant to the terms of an Undertaking, Executive shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by Executive to enforce a right to indemnification hereunder (but not in a suit brought by Executive to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) any suit brought by the Company to recover an advancement of expenses pursuant to the terms of an Undertaking, the Company shall be entitled to recover such expenses upon a final adjudication that, Executive has not met the applicable standard for indemnification set forth in the Delaware General Corporation Law. To the fullest extent permitted by law, neither the failure of the Company (including its disinterested directors, committee thereof, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of Executive is proper in the circumstances because the Executive has met the applicable standard of conduct set forth in the Delaware General

Corporation Law, nor an actual determination by the Company (including its disinterested directors, committee thereof, independent legal counsel or its stockholders) that Executive has not met such applicable standard of conduct, shall create a presumption that Executive has not met the applicable standard of conduct or, in the case of such a suit brought by Executive, be a defense to such suit. In any suit brought by Executive to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Company to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that Executive is not entitled to be indemnified, or to such advancement of expenses, under this Section 25 or otherwise shall, to the extent permitted by law, be on the Company.

(d) The rights to indemnification and to the advancement of expenses conferred in this Section 25 shall not be exclusive of any other right of indemnification which Executive or any other person may have or hereafter acquire by any statute, the Company's Certificate of Incorporation or Bylaws, agreement, vote of stockholders or disinterested directors or otherwise, including all rights of indemnification provided by the Indemnification Agreement entered into by Executive and the Company dated as of the Effective Date.

(e) The Company may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Company or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Company would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

26. **Withholding.** Anything to the contrary notwithstanding, all payments required to be made by Company hereunder to Executive or his estate or beneficiary shall be subject to the withholding of such amounts, if any, relating to tax and other payroll deductions as the Company may reasonably determine it should withhold pursuant to applicable law or regulation.

27. **Notices.** Any written notice required by this Agreement will be deemed provided and delivered to the intended recipient when (a) delivered in person by hand; or (b) three days after being sent via U.S. certified mail, return receipt requested; or (c) the day after being sent via by overnight courier, in each case when such notice is properly addressed to the following address and with all postage and similar fees having been paid in advance:

If to the Company: Charter Communications, Inc.  
Attn: General Counsel  
12405 Powerscourt Drive  
St. Louis, MO 63131

If to Executive: Kathleen Mayo  
12405 Powerscourt Drive  
St. Louis, MO 63131

Either party may change the address to which notices, requests, demands and other communications to such party shall be delivered personally or mailed by giving written notice to the other party in the manner described above.

28. **Binding Effect.** This Agreement shall be for the benefit of and binding upon the parties hereto and their respective heirs, personal representatives, legal representatives, successors and, where applicable, assigns.

29. **Entire Agreement.** This Agreement constitutes the entire agreement between the listed parties with respect to the subject matter described in this Agreement and supersedes all

prior agreements, understandings and arrangements, both oral and written, between the parties with respect to such subject matter, except to the extent said agreements, understandings and arrangements are referenced or referred to in this Agreement. This Agreement may not be modified, amended, altered or rescinded in any manner, except by written instrument signed by both of the parties hereto; provided, however, that the waiver by either party of a breach or compliance with any provision of this Agreement shall not operate nor be construed as a waiver of any subsequent breach or compliance. Except to the extent the terms hereof are explicitly and directly inconsistent with the terms of the Plan, nothing herein shall be deemed to override or replace the terms of the Plan, including but not limited to sections 6.4, 9.4 and 10.4 thereof.

30. **Severability.** In case any one or more of the provisions of this Agreement shall be held by any court of competent jurisdiction or any arbitrator selected in accordance with the terms hereof to be illegal, invalid or unenforceable in any respect, such provision shall have no force and effect, but such holding shall not affect the legality, validity or enforceability of any other provision of this Agreement provided that the provisions held illegal, invalid or unenforceable does not reflect or manifest a fundamental benefit bargained for by a party hereto.

31. **Assignment.** Subject to the Executive's right to terminate in the event of a Change of Control hereunder, this Agreement can be assigned by the Company only to a company that controls, is controlled by, or is under common control with the Company and which assumes all of the Company's obligations hereunder. The duties and covenants of Executive under this Agreement, being personal, may not be assigned or delegated except that Executive may assign payments due hereunder to a trust established for the benefit of Executive's family or to Executive's estate or to any partnership or trust entered into by Executive and/or Executive's immediate family members (meaning, Executive's spouse and lineal descendants). This agreement shall be binding in all respects on permissible assignees.

32. **Notification.** In order to preserve the Company's rights under this Agreement, the Company is authorized to advise any third party with whom Executive may become employed or enter into any business or contractual relationship with, or whom Executive may contact for any such purpose, of the existence of this Agreement and its terms, and the Company shall not be liable for doing so.

33. **Choice of Law/Jurisdiction.** This Agreement is deemed to be accepted and entered into in St. Louis County, Missouri. Executive and the Company intend and hereby acknowledge that jurisdiction over disputes with regard to this Agreement, and over all aspects of the relationship between the parties hereto, shall be governed by the laws of the State of Missouri without giving effect to its rules governing conflicts of laws. Executive agrees that in any suit to enforce this Agreement, or as to any dispute that arises between the Company and the Executive regarding or relating to this Agreement and/or any aspect of Executive's employment relationship with Company, venue and jurisdiction are proper in the County of St. Louis, and (if federal jurisdiction exists) the United States District Court for the Eastern District of Missouri in St. Louis, and Executive waives all objections to jurisdiction and venue in any such forum and any defense that such forum is not the most convenient forum.

34. **Section Headings.** The section headings contained in this Agreement are for reference purposes only and shall not affect in any manner the meaning or interpretation of this Agreement.

35. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.



36. **Section 409A Compliance.** The Company and Executive intend that the provisions of this Agreement comply with the requirements of Code Section 409A and the regulations and guidance issued thereunder and be interpreted in accordance therewith. Executive will not have any discretion to designate the taxable year of payment of any amounts subject to Section 409A under any provision of this Agreement.

[The remainder of this page intentionally left blank.]

**IN WITNESS WHEREOF**, the parties have executed this Agreement on the date and year first above written.

CHARTER COMMUNICATIONS, INC.

By: /s/ John Bickham  
John Bickham, Executive Vice  
President and Chief Operating Officer

EXECUTIVE

/s/ Kathleen Mayo  
Name: Kathleen Mayo

**EMPLOYMENT AGREEMENT**

**THIS EMPLOYMENT AGREEMENT** (the “Agreement”), dated and effective on October 15, 2012 (the “Effective Date”) is made by and between CHARTER COMMUNICATIONS, INC., a Delaware corporation (the “Company”), and James Blackley (the “Executive”).

**RECITALS:**

**WHEREAS**, it is the desire of the Company to assure itself of the services of Executive by engaging Executive as its Executive Vice President, Information and Engineering, and the Executive desires to serve the Company on the terms herein provided;

**WHEREAS**, Executive's agreement to the terms and conditions of Sections 18, 19 and 20 are a material and essential condition of Executive's employment with the Company hereafter under the terms of this Agreement;

**NOW, THEREFORE**, in consideration of the foregoing and of the respective covenants and agreements set forth below, the parties hereto agree as follows:

1. **Certain Definitions.**

(a) “Annual Base Salary” shall have the meaning set forth in Section 5.

(b) “Board” shall mean the Board of Directors of the Company.

(c) “Bonus” shall have the meaning set forth in Section 6.

(d) The Company shall have “Cause” to terminate Executive's employment hereunder upon:

(i) Executive's breach of a material obligation (which, if curable, is not cured within ten business (10) days after Executive receives written notice of such breach) or representation under this Agreement or breach of any fiduciary duty to the Company which, if curable, is not cured within ten business (10) days after Executive receives written notice of such breach; or any act of fraud or knowing material misrepresentation or concealment upon, to or from the Company or the Board;

(ii) Executive's failure to adhere in any material respect to (i) the Company's Code of Conduct in effect from time to time and applicable to officers and/or employees generally, or (ii) any written Company policy, if such policy is material to the effective performance by Executive of the Executive's duties under this Agreement, and if Executive has been given a reasonable opportunity to cure this failure to comply within a period of time which is reasonable under the circumstances but not more than the thirty (30) day period after written notice of such failure is provided to Executive; provided that if Executive cures this failure to comply with such a policy and then fails again to comply with the same policy, no further opportunity to cure that failure shall be required;

(iii) Executive's misappropriation (or attempted misappropriation) of a material amount of the Company's funds or property;

(iv) Executive's conviction of, the entering of a guilty plea or plea of nolo contendere or no contest (or the equivalent), or entering into any pretrial diversion program

or agreement or suspended imposition of sentence, with respect to either a felony or a crime that adversely affects or could reasonably be expected to adversely affect the Company or its business reputation; or the institution of criminal charges against Executive, which are not dismissed within sixty (60) days after institution, for fraud, embezzlement, any felony offense involving dishonesty or constituting a breach of trust or moral turpitude;

(v) Executive's admission of liability of, or finding of liability, for a knowing and deliberate violation of any "Securities Laws." As used herein, the term "Securities Laws" means any federal or state law, rule or regulation governing generally the issuance or exchange of securities, including without limitation the Securities Act of 1933, the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder;

(vi) conduct by Executive in connection with Executive's employment that constitutes gross neglect of any material duty or responsibility, willful misconduct, or recklessness which, if curable, is not cured within ten business (10) days after Executive receives written notice of such breach;

(vii) Executive's illegal possession or use of any controlled substance, or excessive use of alcohol at a work function, in connection with Executive's duties, or on Company premises; "excessive" meaning either repeated unprofessional use or any single event of consumption giving rise to significant intoxication or unprofessional behavior;

(viii) Executive's willful or grossly negligent commission of any other act or failure to act in connection with the Executive's duties as an executive of the Company which causes or reasonably may be expected (as of the time of such occurrence) to cause substantial economic injury to or substantial injury to the business reputation of the Company or any subsidiary or affiliate of the Company, including, without limitation, any material violation of the Foreign Corrupt Practices Act, as described herein below; or

(ix) Executive's being enjoined by a court of competent jurisdiction from performing his duties under this Agreement.

If Executive commits or is charged with committing any offense of the character or type specified in subparagraphs 1(d)(iv), (v) or (viii) above, then the Company at its option may suspend the Executive with or without pay. If the Executive subsequently is convicted of, pleads guilty or nolo contendere (or equivalent plea) to, or enters into any type of suspended imposition of sentence or pretrial diversion program with respect to, any such offense (or any matter that gave rise to the suspension), the Executive shall immediately repay any compensation paid in cash hereunder from the date of the suspension. Notwithstanding anything to the contrary in any stock option or equity incentive plan or award agreement, all vesting and all lapsing of restrictions on restricted shares shall be tolled during the period of suspension and all unvested options and restricted shares for which the restrictions have not lapsed shall terminate and not be exercisable by or issued to Executive if during or after such suspension the Executive is convicted of, pleads guilty or nolo contendere (or equivalent plea) to, or enters into any type of suspended imposition of sentence or pretrial diversion program with respect to, any offense specified in subparagraphs 1(d)(iv), (v) or (viii) above or any matter that gave rise to the suspension.

(e) "Change of Control" shall mean the occurrence of any of the following events:

(i) an acquisition of any voting securities of the Company by any "Person" or "Group" (as those terms are used for purposes of Section 13(d) or 14(d) of the Exchange

Act of 1934, amended (the “Exchange Act”), immediately after which such Person has “Beneficial Ownership” (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of thirty-five percent (35%) or more of the combined voting power of the Company's then outstanding voting securities; provided, however, that voting securities which are acquired in a “Non-Control Transaction” (as hereinafter defined) assuming that the acquisition of voting securities for this purpose qualifies as Merger (as hereinafter defined) shall not constitute a Change of Control; and provided further that an acquisition of Beneficial Ownership of less than fifty percent (50%) of the Company's then outstanding voting securities by any Existing 10% Shareholder (as hereinafter defined) shall not be considered to be a Change of Control under this clause (i);

(ii) the individuals who, as of immediately prior to the Effective Date are members of the Board (the “Incumbent Board”), cease for any reason to constitute a majority of the Board; provided, however, that if the election, or nomination for election by the Company's common stockholders, of any new director (excluding any director whose nomination or election to the Board is the result of any actual or threatened proxy contest or settlement thereof) was approved by a vote of at least two-thirds of the Incumbent Board, such new director shall, for purposes of this Agreement, be considered as a member of the Incumbent Board;

(iii) the consummation of a merger, consolidation or reorganization with or into the Company or in which securities of the Company are issued (a “Merger”), unless such Merger is a Non-Control Transaction. A “Non-Control Transaction” shall mean a Merger where: (1) the stockholders of the Company, immediately before such Merger own directly or indirectly immediately following such Merger more than fifty percent (50%) of the combined voting power of the outstanding voting securities of the entity resulting from such Merger or its controlling parent entity (the “Surviving Entity”), (2) the individuals who were members of the Incumbent Board immediately prior to the execution of the agreement providing for such Merger constitute at least a majority of the members of the board of directors (or similar governing body) of the Surviving Entity, and (3) no Person other (X) than the Company, its subsidiaries or affiliates or any of their respective employee benefit plans (or any trust forming a part thereof) that, immediately prior to such Merger was maintained by the Company or any subsidiary or affiliate of the Company, or (Y) any Person who, immediately prior to such Merger had Beneficial Ownership of thirty-five percent (35%) or more of the then outstanding voting securities of the Company, has Beneficial Ownership of thirty-five percent (35%) or more of the combined voting power of the outstanding voting securities or common stock of the Surviving Entity; provided that this clause (Y) shall not trigger a Change of Control solely because, after such Merger, any Existing 10% Shareholder has Beneficial Ownership of more than thirty-five percent (35%) but less than fifty percent (50%) of the combined voting power of the outstanding voting securities or common stock of the Surviving Entity;

(iv) complete liquidation or dissolution of the Company (other than where assets of the Company are transferred to or remain with subsidiaries of the Company); or

(v) the sale or other disposition of all or substantially all of the assets of the Company and its direct and indirect subsidiaries on a consolidated basis, directly or indirectly, to any Person (other than a transfer to a subsidiary or affiliate of the Company unless, such sale or disposition constitutes a Non-Control Transaction with the disposition of assets being regarded as a Merger for this purpose or the distribution to the Company's stockholders of the stock of a subsidiary or affiliate of the Company or any other assets).

Notwithstanding the foregoing a Change of Control shall not occur solely based on a filing of a Chapter 11 reorganization proceeding of the Company or the implementation of a plan of reorganization pursuant to any such Chapter 11 reorganization.

(f) “Code” shall mean the Internal Revenue Code of 1986, as amended from time to time.

(g) “Committee” shall mean either the Compensation and Benefits Committee of the Board, or a Subcommittee of such Committee duly appointed by the Board or the Committee or any successor to the functions thereof.

(h) “Company” shall have the meaning set forth in the preamble hereto.

(i) “Company Stock” shall mean the common stock of the Company issued in connection with the Company's emergence from its Chapter 11 reorganization and any stock received in exchange therefor.

(j) “Date of Termination” shall mean (i) if Executive's employment is terminated by Executive's death, the date of Executive's death and (ii) if Executive's employment is terminated pursuant to Section 15(a)(ii)-(vi), the date of termination of employment, as defined in 409(A) regulations under the Code.

(k) For purposes of this Agreement, Executive will be deemed to have a “Disability” if, due to illness, injury or a physical or medically recognized mental condition, (a) Executive is unable to perform Executive's duties under this Agreement with reasonable accommodation for 120 consecutive days, or 180 days during any twelve month period, as determined in accordance with this Section, or (b) Executive is considered disabled for purposes of receiving / qualifying for long term disability benefits under any group long term disability insurance plan or policy offered by Company in which Executive participates. The Disability of Executive will be determined by a medical doctor selected by written agreement of Company and Executive upon the request of either party by notice to the other, or (in the case of and with respect to any applicable long term disability insurance policy or plan) will be determined according to the terms of the applicable long term disability insurance policy / plan. If Company and Executive cannot agree on the selection of a medical doctor, each of them will select a medical doctor and the two medical doctors will select a third medical doctor who will determine whether Executive has a Disability. The determination of the medical doctor selected under this Section will be binding on both parties. Executive must submit to a reasonable number of examinations by the medical doctor making the determination of Disability under this Section, and to other specialists designated by such medical doctor, and Executive hereby authorizes the disclosure and release to Company of such determination and all supporting medical records. If Executive is not legally competent, Executive's legal guardian or duly authorized attorney-in-fact will act in Executive's stead under this Section for the purposes of submitting Executive to the examinations, and providing the authorization of disclosure, required under this Section.

(l) “Existing 10% Shareholder” means any of AP Charter Holdings, L.P. and certain affiliated funds, Oaktree Opportunities Investments, L.P., Encore LLC and each of the funds managed by the manager (or any affiliate of such manager) of any of the aforementioned funds.

(m) “Executive” shall have the meaning set forth in the preamble hereto.

(n) “Good Reason” shall mean any of the events described herein that occur without Executive's prior written consent: (i) any reduction in Executive's Annual Base Salary, Target Bonus Percentage, or title except as permitted hereunder, (ii) any failure to pay Executive's compensation hereunder when due; (iii) any material breach by the Company of a term hereof; (iv) a transfer or reassignment to another executive of material responsibilities that have been assigned to Executive (and were not identified by the Company to be assigned only on an interim basis at the time of assignment or thereafter) and generally are part of the responsibilities and functions assigned to an Executive Vice President, Information and Engineering of a public corporation unless a Non-renewal Notice has been delivered to Executive at any time within one hundred ninety (190) days prior to the end of the term of this Agreement or (in each case “(i)” through “(iv)” only if Executive objects in writing within 30 days after being informed of such events and unless Company retracts and/or rectifies the claimed Good Reason within 30 days following Company's receipt of timely written objection from Executive); (v) if within six months after a Change of Control, Executive has not received an offer from the surviving company to continue in his or her position immediately prior to such Change of Control under at least the same terms and conditions (except that the value of equity-based compensation after such Change of Control need only be commensurate with the value of equity-based compensation given to executives with equivalent positions in the surviving company, if any) as set herein; or (vi) the failure of a successor to the business of the Company to assume the Company's obligations under this Agreement in the event of a Change of Control during its term.

(o) “Notice of Termination” shall have the meaning set forth in Section 15(b).

(p) “Non-renewal Notice” shall have the meaning set forth in Section 2.

(q) “Options” shall have the meaning set forth in Section 7.

(r) “Performance Unit” shall have the meaning set forth in Section 9 hereof.

(s) “Person” shall have the meaning set forth in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934.

(t) “Plan” shall mean the 2009 Stock Incentive Plan as amended by the Company from time to time.

(u) “Restricted Shares” shall have the meaning set forth in Section 8.

(v) “Term” shall have the meaning set forth in Section 2.

(w) “Voluntary” and “Voluntarily” in connection with Executive's termination of employment shall mean a termination of employment resulting from the initiative of the Executive, excluding a termination of employment attributable to Executive's death or Disability. A resignation by Executive that is in response to a communicated intent by the Company to discharge Executive other than for Cause is not considered to be “Voluntary” and shall be considered to be a termination by the Company for the purposes of this Agreement.

2. **Employment Term.** The Company hereby employs the Executive, and the Executive hereby accepts employment, under the terms and conditions hereof, for the period (the “Term”) beginning on the Effective Date hereof and terminating upon the earlier of (i) October 15, 2014 (the “Initial Term”) and (ii) the Date of Termination as defined in Section 1(j). The Company

may, in its sole discretion, extend the term of this Agreement for additional one-year periods. If the Company fails to provide Executive with at least one hundred eighty (180) days notice prior to the end of the Initial Term or any extension thereof of the Company's intent to not renew this Agreement (the "Non-renewal Notice"), the Initial Term or any previous extension thereof shall be extended one day for each day the Company does not provide the Non-renewal Notice. If the Company fails to provide any Non-renewal Notice and does not extend the term of this Agreement, the Non-renewal Notice shall be deemed to have been given to Executive on the last day of the term of this Agreement.

3. **Position and Duties.** Executive shall serve as Executive Vice President, Information and Engineering, initially reporting to the Chief Executive Officer, with such responsibilities, duties and authority as are customary for such role. Executive shall devote all necessary business time and attention, and employ Executive's reasonable best efforts, toward the fulfillment and execution of all assigned duties, and the satisfaction of defined annual and/or longer-term performance criteria.

4. **Place of Performance.** In connection with Executive's employment during the Term, Executive's initial primary workplace shall be the Company's offices in Stamford, Connecticut or such other place as determined by the Chief Executive Officer except for necessary travel on the Company's business.

5. **Annual Base Salary.** During the Term and beginning on the Effective Date, Executive shall receive a base salary at a rate not less than \$475,000 per annum (the "Annual Base Salary"), less standard deductions, paid in accordance with the Company's general payroll practices for executives, but no less frequently than monthly. The Annual Base Salary shall compensate Executive for any official position or directorship of a subsidiary or affiliate that Executive is asked to hold in the Company or its subsidiaries or affiliates as a part of Executive's employment responsibilities. No less frequently than annually during the Term, the Committee, on advice of the Company's Chief Executive Officer, shall review the rate of Annual Base Salary payable to Executive, and may, in its discretion, increase the rate of Annual Base Salary payable hereunder; provided, however, that any increased rate shall thereafter be the rate of "Annual Base Salary" hereunder.

6. **Bonus.** Except as otherwise provided for herein, for each fiscal year or other period consistent with the Company's then-applicable normal employment practices during which Executive is employed hereunder on the last day (the "Bonus Year"), Executive shall be eligible to receive a bonus in an amount up to 75% of Executive's Annual Base Salary (the "Bonus" and bonuses at such percentage of Annual Base Salary being the "Target Bonus") pursuant to, and as set forth in, the terms of the Executive Bonus Plan as such Plan may be amended from time to time, plus such other bonus payments, if any, as shall be determined by the Committee in its sole discretion, with such Bonus and other bonuses being paid on or before March 15 of the year next following the Bonus Year.

7. **Stock Options.** (a) The Committee may, in its discretion, grant to Executive options to purchase shares of Company Stock (all of such options, collectively, the "Options") pursuant to the terms of the Plan, any successor plan and an associated Stock Option Agreement.

(b) As of the Effective Date, Executive shall be granted nonqualified time-vesting options at Fair Market Value (as defined in the Plan) to purchase 33,334 shares of Company Stock, which will vest one-fourth each on the first, second, third and fourth anniversaries of the Effective Date and be subject to the terms of the Company's standard time-vested Nonqualified Stock Option Agreement for the 2011-2013 Long Term Incentive Program and the Plan.



(c) As of the Effective Date, Executive shall be granted nonqualified price-vesting options at Fair Market Value (as defined in the Plan) to purchase 66,666 shares of Company Stock, 33,333 shares of Company stock at an \$85 price threshold and 33,333 shares of Company Stock at a \$105 price threshold, one-fourth of which will be eligible to vest on the first, second, third and fourth anniversaries and which shall be subject to the terms of the Company's standard price-vested Nonqualified Stock Option Agreement for the 2011-2013 Long Term Incentive Program and the Plan.

8. **Restricted Shares.** (a) The Committee may, in its discretion, grant to Executive restricted shares or units of Company Stock (collectively, the "Restricted Shares"), which shall be subject to restrictions on their sale as set forth in the Plan and an associated Restricted Shares Agreement.

(b) As of the Effective Date, Executive shall be granted 20,000 restricted stock units of Company Stock, which shall be subject to the terms of the Company's Restricted Stock Unit Agreement and the Plan, and which will vest one-fourth each on the first anniversary, the second anniversary, the third anniversary and fourth anniversary of the Effective Date.

9. **Performance Share Units.** The Committee may, in its discretion, grant to Executive performance share units subject to performance vesting conditions (the "Performance Units"), which shall be subject to restrictions on their sale as set forth in the Plan and an associated Performance Unit Grant Letter.

10. **Other Bonus Plans.** The Committee may, in its discretion, grant to Executive a right to participate in any other bonus or retention plan that the Committee may decide to establish for executives, but nothing herein shall require the Committee to do so.

11. This section intentionally left blank.

12. **Benefits.** Executive shall be entitled to receive such benefits and to participate in such employee group benefit plans, including life, health and disability insurance policies, and financial planning services, and other perquisites and plans as are generally provided by the Company to its senior executives of comparable level and responsibility in accordance with the plans, practices and programs of the Company, as amended from time to time; provided that, Executive shall not participate in any severance plan of the Company.

13. **Expenses.** The Company shall reimburse Executive for all reasonable and necessary expenses incurred by Executive in connection with the performance of Executive's duties as an employee of the Company in accordance with the Company's generally applicable policies and procedures. Such reimbursement is subject to the submission to the Company by Executive of appropriate documentation and/or vouchers in accordance with the customary procedures of the Company for expense reimbursement, as such procedures may be revised by the Company from time to time hereafter. In no event will an expense be reimbursed later than the last day of the calendar year following the calendar in year in which such expense is incurred.

14. **Vacations.** Executive shall be entitled to paid vacation in accordance with the Company's vacation policy as in effect from time to time provided that, in no event shall Executive be entitled to less than four (4) weeks vacation per calendar year. Executive shall also be entitled to paid holidays and personal days in accordance with the Company's practice with respect to same as in effect from time to time.

15. **Termination.**

(a) Executive's employment hereunder may be terminated by the Company, on the one hand, or Executive, on the other hand, as applicable, without any breach of this Agreement, under the following circumstances:

(i) **Death.** Executive's employment hereunder shall automatically terminate upon Executive's death.

(ii) **Disability.** If Executive has incurred a Disability, the Company may give Executive written notice of its intention to terminate Executive's employment. In such event, Executive's employment with the Company shall terminate effective on the 14th day after delivery of such notice to Executive, provided that within the 14 days after such delivery, Executive shall not have returned to full-time performance of Executive's duties. Executive may provide notice to the Company of Executive's resignation on account of a bona fide Disability at any time.

(iii) **Cause.** The Company may terminate Executive's employment hereunder for Cause effective immediately upon delivery of notice to Executive, taking into account any procedural requirements set forth under Section 1(d) above.

(iv) **Good Reason.** Executive may terminate Executive's employment herein for Good Reason upon (i) satisfaction of any advance notice and other procedural requirements set forth under Section 1(n) above for any termination pursuant to Section 1(n)(i) through (v) or (ii) at least 30 days' advance written notice by the Executive for any termination pursuant to Section 1(n)(vi).

Notwithstanding the foregoing, Good Reason shall not occur solely based on a filing of a Chapter 11 reorganization proceeding of the Company or the implementation of a plan of reorganization pursuant to any such reorganization.

(v) **Without Cause.** The Company may terminate Executive's employment hereunder without Cause upon at least 30 days' advance written notice to the Executive.

(vi) **Resignation Without Good Reason.** Executive may resign Executive's employment without Good Reason upon at least fourteen (14) days' written notice to the Company.

(b) **Notice of Termination.** Any termination of Executive's employment by the Company or by Executive under this Section 15 (other than pursuant to Sections 15(a)(i)) shall be communicated by a written notice (the "Notice of Termination") to the other party hereto, indicating the specific termination provision in this Agreement relied upon, setting forth in reasonable detail any facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated, and specifying a Date of Termination which notice shall be delivered within the applicable time periods set forth in subsections 15(a)(ii)-(vi) above (the "Notice Period"); provided that, the Company may pay to Executive all Annual Base Salary, benefits and other rights due to Executive during such Notice Period instead of employing Executive during such Notice Period.

(c) **Resignation from Representational Capacities.** Executive hereby acknowledges and agrees that upon Executive's termination of employment with the Company for whatever reason, Executive shall be deemed to have, and shall have in fact, effectively resigned from all executive, director, offices, or other positions with the Company or its affiliates at the time of such

termination of employment, and shall return all property owned by the Company and in Executive's possession, including all hardware, files and documents, at that time.

(d) Termination in Connection with Change of Control. If Executive's employment is terminated by the Company without Cause or a Non-renewal Notice has been delivered to Executive either upon or within thirty days before or thirteen (13) months after a Change of Control, or prior to a Change of Control at the request of a prospective purchaser whose proposed purchase would constitute a Change of Control upon its completion, such termination or delivery of a Non-renewal Notice shall be deemed to constitute a termination by the Company without Cause and shall be deemed to have occurred immediately before such Change of Control for purposes of this Agreement and the Plan.

16. **Termination Pay**

(a) Effective upon the termination of Executive's employment, Company will be obligated to pay Executive (or, in the event of Executive's death, the Executive's designated beneficiary as defined below) only such compensation as is provided in this Section 16, except to the extent otherwise provided for in any Company stock incentive, stock option or cash award plan (including, among others, the Plan), approved by the Board. For purposes of this Section 16, Executive's designated beneficiary will be such individual beneficiary or trust, located at such address, as Executive may designate by notice to Company from time to time or, if Executive fails to give notice to Company of such a beneficiary, Executive's estate. Notwithstanding the preceding sentence, Company will have no duty, in any circumstances, to attempt to open an estate on behalf of Executive, to determine whether any beneficiary designated by Executive is alive or to ascertain the address of any such beneficiary, to determine the existence of any trust, to determine whether any person purporting to act as Executive's personal representative (or the trustee of a trust established by Executive) is duly authorized to act in that capacity, or to locate or attempt to locate any beneficiary, personal representative, or trustee

(b) Termination by Executive for Good Reason or by Company without Cause. If prior to expiration of the Term, Executive terminates his or her employment for Good Reason, or if the Company terminates Executive's employment other than for Cause or Executive's death or Disability, Executive will be entitled to receive, subject to the conditions of this Agreement, the following:

(i) (A) all Annual Base Salary and Bonus duly payable under the applicable plan for performance periods ending prior to the Date of Termination, but unpaid as of the Date of Termination, plus (B) in consideration for Executive's obligations set forth in Sections 18, 19 and 20 hereof, an amount equal to two (2) times the Executive's then-current rate of Annual Base Salary and Target Bonus, which total sum shall be payable immediately following the Date of Termination in fifty-two (52) equal bi-weekly installments in accordance with the Company's normal payroll practices commencing with the next payroll date immediately following the 30 day anniversary of the Date of Termination; provided that, if a Change of Control occurs (or is deemed pursuant to Section 15(d) hereof to have occurred after such termination) during such twenty-four (24) month period (and such Change of Control qualifies either as a "change in the ownership or effective control" of the Company or a "change in the ownership of a substantial portion of the assets" of the Company as such terms are defined under Section 409A of the Code), any amounts remaining payable to Executive hereunder shall be paid in a single lump sum immediately upon such Change of Control;

(ii) all reasonable expenses Executive has incurred in the pursuit of Executive's duties under this Agreement through the Date of Termination which are payable under and

in accordance with this Agreement, which amount will be paid within thirty (30) days after the submission by Executive of properly completed reimbursement requests on the Company's standard forms, provided that, in no event will an expense be reimbursed later than the last day of the calendar year following the calendar in year in which such expense is incurred;

(iii) a lump sum payment (net after deduction of taxes and other required withholdings) equal to twenty-four (24) times the monthly cost, at the time Executive's employment terminated, for Executive to receive under COBRA the paid coverage for health, dental and vision benefits then being provided for Executive at the Company's cost at the time Executive's employment terminated. This amount will be paid on the next payroll date immediately following the 30 day anniversary of the Date of Termination and will not take into account future increases in costs during the applicable time period;

(iv) vesting of equity awards and long term incentives as provided in the applicable award agreement and plan;  
and

(v) pay the cost of up to twelve (12) months, as required, of executive-level outplacement services (which provides as part of the outplacement services the use of an office and secretarial support as near as reasonably practicable to Executive's residence), provided that, in no event will an expense be reimbursed later than the last day of the calendar year following the calendar in year in which such expense is incurred;

(c) The Executive shall not be required to mitigate the amount of any payments provided in this Section 16, by seeking other employment or otherwise, nor shall the amount of any payment provided for in this Section 16 be reduced by any compensation earned by Executive as a result of employment by another company or business, or by profits earned by Employee from any other source at any time before or after the date of Termination, so long as Executive is not in breach of the Agreement.

(d) Termination by Executive without Good Reason or by Company for Cause. If prior to the expiration of the Term or thereafter, Executive Voluntarily terminates Executive's employment prior to expiration of the Term without Good Reason or if Company terminates this Agreement for Cause, Executive will be entitled to receive Executive's then-existing Annual Base Salary only through the date such termination is effective in accordance with regular payroll practices and will be reimbursed for all reasonable expenses Executive has incurred in the pursuit of Executive's duties under this Agreement through the date of termination which are payable under and in accordance with this Agreement; any unvested options and shares of restricted stock shall terminate as of the date of termination unless otherwise provided for in any applicable plan or award agreement, and Executive shall be entitled to no other compensation, bonus, payments or benefits except as expressly provided in this paragraph. Notwithstanding the foregoing, if, prior to the expiration of the Term, Executive Voluntarily terminates Executive's employment after the end of a fiscal year but prior to the date on which the bonus described in Section 6 is paid, Executive shall be entitled to receive such bonus, to the extent earned and unpaid, in accordance with Section 6.

(e) Termination upon Disability or Death. If Executive's employment shall terminate by reason of Executive's Disability (pursuant to Section 15(a)(ii)) or death (pursuant to Section 15(a)(i)), the Company shall pay to Executive, in a lump sum cash payment following the Date of Termination, all unpaid Annual Base Salary through the Date of Termination in accordance with regular payroll practices and the Bonus previously earned for a performance period ending prior to the Date of Termination, but unpaid as of the Date of Termination, and the pro rata portion of the Bonus for such year (when and as such Bonuses are paid to other senior executives of the

Company) for the Performance Period in which the termination occurred. In the case of Disability, if there is a period of time during which Executive is not being paid Annual Base Salary and not receiving long-term disability insurance payments, the Company shall make interim payments equal to such unpaid disability insurance payments to Executive until commencement of disability insurance payments; provided that, to the extent required to avoid the tax consequences of Section 409A of the Code, as determined by independent tax counsel, the first payment shall cover all payments scheduled to be made to Executive during the first six (6) months after the date Executive's employment terminates, and the first such payment shall be delayed until the day that is six (6) months after the date Executive's employment terminates.

(f) Benefits. Except as otherwise required by law, Executive's accrual of, and participation in plans providing for, the Benefits will cease at the effective Date of the Termination of employment.

(g) Conditions To Payments. To be eligible to receive (and continue to receive) and retain the payments and benefits described in Sections 16(b)(i) and 16(e), Executive must comply with the provisions of Sections 18, 19 and 20. In addition, to be eligible to receive (and continue to receive) and retain the payments and benefits described in Sections 16(b) and 16(e) Executive (or Executive's executor and personal representatives in case of death) must execute and deliver to Company, and comply with, an agreement, in form and substance reasonably satisfactory to Company, effectively releasing and giving up all claims Executive may have against Company or any of its subsidiaries or affiliates (and each of their respective controlling shareholders, employees, directors, officers, plans, fiduciaries, insurers and agents) arising out of or based upon any facts or conduct occurring prior to that date. The agreement will be prepared by Company, will be based upon the standard form (if any) then being utilized by Company for executive separations when severance is being paid, and will be provided to Executive at the time Executive's employment is terminated or as soon as administratively practicable thereafter (not to exceed five (5) business days). The agreement will require Executive to consult with Company representatives, and voluntarily appear as a witness for trial or deposition (and to prepare for any such testimony) in connection with, any claim which may be asserted by or against Company, any investigation or administrative proceeding, any matter relating to a franchise, or any business matter concerning Company or any of its transactions or operations. It is understood that the final document may not contain provisions specific to the release of a federal age discrimination claim if Executive is not at least forty (40) years of age, and may be changed as Company's chief legal counsel considers necessary and appropriate to enforce the same, including provisions to comply with changes in applicable laws and recent court decisions. Payments under and/or benefits provided by Section 16 will not continue to be made unless and until Executive executes and delivers that agreement to Company within twenty-one (21) days after delivery of the document (or such lesser time as Company's chief legal counsel may specify in the document) and all conditions to the effectiveness of that agreement and the releases contemplated thereby have been satisfied (including without limitation the expiration of any applicable revocation period without revoking acceptance).

(h) Termination Following Expiration. Executive shall not be entitled to any severance payment under this Agreement or otherwise upon a termination following the expiration of the Term except as may result from a termination by the Company without Cause as provided in Section 15(d) during the Term.

(i) Survival. The expiration or termination of the Term shall not impair the rights or obligations of any party hereto which shall have accrued hereunder prior to such expiration, subject to the terms of any agreement containing a general release provided by Executive.

(j) Definitions. For purposes of this Section 16, the terms “termination of employment” or “terminate” when used in the context of termination of employment shall mean separation from service with the Company and its affiliates as the terms “separation from service” and “affiliate” are defined in Section 409A of the Code or the regulations thereunder.

(k) Notwithstanding anything to the contrary in this Section 16, any of the benefits described in this Section 16 that are due to be paid or awarded during the first six-(6) months after the Date of Termination shall, to the extent required to avoid the additional taxes and penalties imposed under Section 409A of the Code (as determined by independent tax counsel), be suspended for six months and paid on the day after the sixth month anniversary of the Date of Termination.

17. **Excess Parachute Payment.**

(a) Anything in this Agreement or the Plan to the contrary notwithstanding, to the extent that any payment, distribution or acceleration of vesting to or for the benefit of Executive by the Company (within the meaning of Section 280G of the Code and the regulations thereunder), whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (the “Total Payments”) is or will be subject to the excise tax imposed under Section 4999 of the Code (the “Excise Tax”), then the Total Payments shall be reduced (but not below zero) to the Safe Harbor Amount (as defined below) if and to the extent that a reduction of the Total Payments would result in Executive retaining a larger amount, on an after-tax basis (taking into account federal, state and local income and employment taxes and the Excise Tax), than if Executive received the entire amount of such Total Payments in accordance with their existing terms (taking into account federal, state, and local income and employment taxes and the Excise Tax). For purposes of this Agreement, the term “Safe Harbor Amount” means the largest portion of the Total Payments that would result in no portion of the Total Payments being subject to the Excise Tax. Unless Executive shall have given prior written notice specifying a different order to the Company to effectuate the foregoing, the Company shall reduce or eliminate the Total Payments, by first reducing or eliminating the portion of the Total Payments which are payable in cash and then by reducing or eliminating non-cash payments in such order as Executive shall determine; provided that Executive may not so elect to the extent that, in the determination of the Determining Party (as defined herein), such election would cause Executive to be subject to the Excise Tax. Any notice given by Executive pursuant to the preceding sentence shall take precedence over the provisions of any other plan, arrangement or agreement governing Executive's rights and entitlements to any benefits or compensation.

(b) The determination of whether the Total Payments shall be reduced as provided in Section 17(a) and the amount of such reduction shall be made at the Company's expense by an accounting firm selected by Company from among the ten largest accounting firms in the United States or by qualified independent tax counsel (the “Determining Party”); provided that, Executive shall be given advance notice of the Determining Party selected by the Company, and shall have the opportunity to reject the selection, within two business days of being notified of the selection, on the basis of that Determining Party's having a conflict of interest or other reasonable basis, in which case the Company shall select an alternative auditing firm among the ten largest accounting firms in the United States or alternative independent qualified tax counsel, which shall become the Determining Party. Such Determining Party shall provide its determination (the “Determination”), together with detailed supporting calculations and documentation to the Company and Executive within ten (10) days of the termination of Executive's employment or at such other time mutually agreed by the Company and Executive. If the Determining Party determines that no Excise Tax is payable by Executive with respect to the Total Payments, it shall furnish Executive with an opinion reasonably acceptable to Executive that no Excise Tax will be imposed with respect to any such payments and, absent manifest error, such Determination shall be binding, final and

conclusive upon the Company and Executive. If the Determining Party determines that an Excise Tax would be payable, the Company shall have the right to accept the Determination as to the extent of the reduction, if any, pursuant to Section 17(a), or to have such Determination reviewed by another accounting firm selected by the Company, at the Company's expense. If the two accounting firms do not agree, a third accounting firm shall be jointly chosen by the Executive Party and the Company, in which case the determination of such third accounting firm shall be binding, final and conclusive upon the Company and Executive.

(c) If, notwithstanding any reduction described in this Section 17, the IRS determines that Executive is liable for the Excise Tax as a result of the receipt of any of the Total Payments or otherwise, then Executive shall be obligated to pay back to the Company, within thirty (30) days after a final IRS determination or in the event that Executive challenges the final IRS determination, a final judicial determination, a portion of the Total Payments equal to the "Repayment Amount." The Repayment Amount with respect to the payment of benefits shall be the smallest such amount, if any, as shall be required to be paid to the Company so that Executive's net after-tax proceeds with respect to the Total Payments (after taking into account the payment of the Excise Tax and all other applicable taxes imposed on the Payment) shall be maximized. The Repayment Amount shall be zero if a Repayment Amount of more than zero would not result in Executive's net after-tax proceeds with respect to the Total Payments being maximized. If the Excise Tax is not eliminated pursuant to this paragraph, the Executive shall pay the Excise Tax.

(d) Notwithstanding any other provision of this Section 17, if (i) there is a reduction in the Total Payments as described in this Section 17, (ii) the IRS later determines that Executive is liable for the Excise Tax, the payment of which would result in the maximization of Executive's net after-tax proceeds (calculated as if Executive's benefits had not previously been reduced), and (iii) Executive pays the Excise Tax, then the Company shall pay to Executive those payments or benefits which were reduced pursuant to this Section 17 as soon as administratively possible after Executive pays the Excise Tax (but not later than March 15 following the calendar year of the IRS determination) so that Executive's net after-tax proceeds with respect to the Total Payments are maximized.

18. **Competition/Confidentiality.**

(a) Acknowledgments by Executive. Executive acknowledges that (a) during the Term and as a part of Executive's employment, Executive has been and will be afforded access to Confidential Information (as defined below); (b) public disclosure of such Confidential Information could have an adverse effect on the Company and its business; (c) because Executive possesses substantial technical expertise and skill with respect to the Company's business, Company desires to obtain exclusive ownership of each invention by Executive while Executive is employed by the Company, and Company will be at a substantial competitive disadvantage if it fails to acquire exclusive ownership of each such invention by Executive; and (d) the provisions of this Section 18 are reasonable and necessary to prevent the improper use or disclosure of Confidential Information and to provide Company with exclusive ownership of all inventions and works made or created by Executive.

(b) Confidential Information. (i) The Executive acknowledges that during the Term Executive will have access to and may obtain, develop, or learn of Confidential Information (as defined below) under and pursuant to a relationship of trust and confidence. The Executive shall hold such Confidential Information in strictest confidence and never at any time, during or after Executive's employment terminates, directly or indirectly use for Executive's own benefit or otherwise (except in connection with the performance of any duties as an employee hereunder) any Confidential Information, or divulge, reveal, disclose or communicate any Confidential Information to any unauthorized person or entity in any manner whatsoever.

(ii) As used in this Agreement, the term “Confidential Information” shall include, but not be limited to, any of the following information relating to Company learned by the Executive during the Term or as a result of Executive's employment with Company:

(A) information regarding the Company's business proposals, manner of the Company's operations, and methods of selling or pricing any products or services;

(B) the identity of persons or entities actually conducting or considering conducting business with the Company, and any information in any form relating to such persons or entities and their relationship or dealings with the Company or its affiliates;

(C) any trade secret or confidential information of or concerning any business operation or business relationship;

(D) computer databases, software programs and information relating to the nature of the hardware or software and how said hardware or software is used in combination or alone;

(E) information concerning Company personnel, confidential financial information, customer or customer prospect information, information concerning subscribers, subscriber and customer lists and data, methods and formulas for estimating costs and setting prices, engineering design standards, testing procedures, research results (such as marketing surveys, programming trials or product trials), cost data (such as billing, equipment and programming cost projection models), compensation information and models, business or marketing plans or strategies, deal or business terms, budgets, vendor names, programming operations, product names, information on proposed acquisitions or dispositions, actual performance compared to budgeted performance, long-range plans, internal financial information (including but not limited to financial and operating results for certain offices, divisions, departments, and key market areas that are not disclosed to the public in such form), results of internal analyses, computer programs and programming information, techniques and designs, and trade secrets;

(F) information concerning the Company's employees, officers, directors and shareholders; and

(G) any other trade secret or information of a confidential or proprietary nature.

(iii) Executive shall not make or use any notes or memoranda relating to any Confidential Information except for uses reasonably expected by Executive to be for the benefit of the Company, and will, at Company's request, return each original and every copy of any and all notes, memoranda, correspondence, diagrams or other records, in written or other form, that Executive may at any time have within his possession or control that contain any Confidential Information.

(iv) Notwithstanding the foregoing, Confidential Information shall not include information which has come within the public domain through no fault of or action by Executive or which has become rightfully available to Executive on a non-confidential basis from any third party, the disclosure of which to Executive does not violate any contractual or legal obligation such third party has to the Company or its affiliates with respect to such Confidential Information. None of the foregoing obligations and restrictions applies to any part of the Confidential Information that Executive demonstrates was or became generally available to the public other than as a result of a disclosure by Executive or by any other person bound by a confidentiality obligation to the Company in respect of such Confidential Information.



(v) Executive will not remove from the Company's premises (except to the extent such removal is for purposes of the performance of Executive's duties at home or while traveling, or except as otherwise specifically authorized by Company) any Company document, record, notebook, plan, model, component, device, or computer software or code, whether embodied in a disk or in any other form (collectively, the "Proprietary Items"). Executive recognizes that, as between Company and Executive, all of the Proprietary Items, whether or not developed by Executive, are the exclusive property of the Company. Upon termination of Executive's employment by either party, or upon the request of Company during the Term, Executive will return to Company all of the Proprietary Items in Executive's possession or subject to Executive's control, including all equipment (e.g., laptop computers, cell phone, portable e-mail devices, etc.), documents, files and data, and Executive shall not retain any copies, abstracts, sketches, or other physical embodiment of any such Proprietary Items.

19. **Proprietary Developments.**

(a) Any and all inventions, products, discoveries, improvements, processes, methods, computer software programs, models, techniques, or formulae (collectively, hereinafter referred to as "Developments"), made, conceived, developed, or created by Executive (alone or in conjunction with others, during regular work hours or otherwise) during Executive's employment which may be directly or indirectly useful in, or relate to, the business conducted or to be conducted by the Company will be promptly disclosed by Executive to Company and shall be Company's exclusive property. The term "Developments" shall not be deemed to include inventions, products, discoveries, improvements, processes, methods, computer software programs, models, techniques, or formulae which were in the possession of Executive prior to the Term. Executive hereby transfers and assigns to Company all proprietary rights which Executive may have or acquire in any Developments and Executive waives any other special right which the Executive may have or accrue therein. Executive will execute any documents and to take any actions that may be required, in the reasonable determination of Company's counsel, to effect and confirm such assignment, transfer and waiver, to direct the issuance of patents, trademarks, or copyrights to Company with respect to such Developments as are to be Company's exclusive property or to vest in Company title to such Developments; provided, however, that the expense of securing any patent, trademark or copyright shall be borne by Company. The parties agree that Developments shall constitute Confidential Information.

(b) "Work Made for Hire." Any work performed by Executive during Executive's employment with Company shall be considered a "Work Made for Hire" as defined in the U.S. Copyright laws, and shall be owned by and for the express benefit of Company. In the event it should be established that such work does not qualify as a Work Made for Hire, Executive agrees to and does hereby assign to Company all of Executive's right, title, and interest in such work product including, but not limited to, all copyrights and other proprietary rights.

20. **Non-Competition and Non-Interference.**

(a) Acknowledgments by Executive. Executive acknowledges and agrees that: (a) the services to be performed by Executive under this Agreement are of a special, unique, unusual, extraordinary, and intellectual character; (b) the Company competes with other businesses that are or could be located in any part of the United States; and (c) the provisions of this Section 20 are reasonable and necessary to protect the Company's business and lawful protectable interests, and do not impair Executive's ability to earn a living.

(b) Covenants of Executive. For purposes of this Section 20, the term "Restricted Period" shall mean the period commencing as of the date of this Agreement and terminating on the second anniversary (or, in the case of Section 20(b)(iii), the first anniversary), of the date

Executive's employment terminated provided that the "Restricted Period" also shall encompass any period of time from whichever anniversary date is applicable until and ending on the last date Executive is to be paid any payment under Section 16 hereof. In consideration of the acknowledgments by Executive, and in consideration of the compensation and benefits to be paid or provided to Executive by Company, Executive covenants and agrees that during the Restricted Period, the Executive will not, directly or indirectly, for Executive's own benefit or for the benefit of any other person or entity other than the Company:

(i) in the United States or any other country or territory where the Company then conducts its business: engage in, operate, finance, control or be employed by a "Competitive Business" (defined below); serve as an officer or director of a Competitive Business (regardless of where Executive then lives or conducts such activities); perform any work as an employee, consultant (other than as a member of a professional consultancy, law firm, accounting firm or similar professional enterprise that has been retained by the Competitive Business and where Executive has no direct role in such professional consultancy and maintains the confidentiality of all information acquired by Executive during his or her employment with the Company), contractor, or in any other capacity with, a Competitive Business; directly or indirectly invest or own any interest in a Competitive Business (regardless of where Executive then lives or conducts such activities); or directly or indirectly provide any services or advice to a any business, person or entity who or which is engaged in a Competitive Business (other than as a member of a professional consultancy, law firm, accounting firm or similar professional enterprise that has been retained by the Competitive Business and where Executive has no direct role in such professional consultancy and maintains the confidentiality of all information acquired by Executive during his or her employment with the Company). A "Competitive Business" is any business, person or entity who or which, anywhere within that part of the United States, or that part of any other country or territory, where the Company conducts business; owns or operates a cable television system; provides direct television or any satellite-based, telephone system-based, internet-based or wireless system for delivering television, music or other entertainment programming (other than as an ancillary service, such as cellular telephone providers); provides telephony services using any wired connection or fixed (as opposed to mobile) wireless application; provides data or internet access services; or offers, provides, markets or sells any service or product of a type that is offered or marketed by or directly competitive with a service or product offered or marketed by the Company at the time Executive's employment terminates; or who or which in any case is preparing or planning to do so. The provisions of this Section 20 shall not be construed or applied (i) so as to prohibit Executive from owning not more than five percent (5%) of any class of securities that is publicly traded on any national or regional securities exchange, as long as Executive's investment is passive and Executive does not lend or provide any services or advice to such business or otherwise violate the terms of this Agreement in connection with such investment; or (ii) so as to prohibit Executive from working as an employee in the cable television business for a company/business that owns or operates cable television franchises (by way of current example only, Time Warner, Cablevision, Cox or Comcast), provided that the company/business is not providing cable services in any political subdivision/ geographic area where the Company has a franchise or provides cable services (other than nominal overlaps of service areas) and the company/business is otherwise not engaged in a Competitive Business, and provided Executive does not otherwise violate the terms of this Agreement in connection with that work;

(ii) contact, solicit or provide any service to any person or entity that was a customer franchisee, or prospective customer of the Company at any time during Executive's employment (a prospective customer being one to whom the Company had made a business proposal within twelve (12) months prior to the time Executive's employment terminated); or directly solicit or encourage any customer, franchisee or subscriber of the Company to purchase any service or product of a type offered by or competitive with any product or service provided by

the Company, or to reduce the amount or level of business purchased by such customer, franchisee or subscriber from the Company; or take away or procure for the benefit of any competitor of the Company, any business of a type provided by or competitive with a product or service offered by the Company; or

(iii) solicit or recruit for employment, any person or persons who are employed by Company or any of its subsidiaries or affiliates, or who were so employed at any time within a period of six (6) months immediately prior to the date Executive's employment terminated, or otherwise interfere with the relationship between any such person and the Company; nor will the Executive assist anyone else in recruiting any such employee to work for another company or business or discuss with any such person his or her leaving the employ of the Company or engaging in a business activity in competition with the Company. This provision shall not apply to secretarial, clerical, custodial or maintenance employees.

If Executive violates any covenant contained in this Section 20, then the term of the covenants in this Section shall be extended by the period of time Executive was in violation of the same.

(c) Provisions Pertaining to the Covenants. Executive recognizes that the existing business of the Company extends to various locations and areas throughout the United States and may extend hereafter to other countries and territories and agrees that the scope of Section 20 shall extend to any part of the United States, and any other country or territory, where the Company operates or conducts business, or has concrete plans to do so at the time Executive's employment terminates. It is agreed that the Executive's services hereunder are special, unique, unusual and extraordinary giving them peculiar value, the loss of which cannot be reasonably or adequately compensated for by damages, and in the event of the Executive's breach of this Section, Company shall be entitled to equitable relief by way of injunction or otherwise in addition to the cessation of payments and benefits hereunder. If any provision of Sections 18, 19 or 20 of this Agreement is deemed to be unenforceable by a court (whether because of the subject matter of the provision, the duration of a restriction, the geographic or other scope of a restriction or otherwise), that provision shall not be rendered void but the parties instead agree that the court shall amend and alter such provision to such lesser degree, time, scope, extent and/or territory as will grant Company the maximum restriction on Executive's activities permitted by applicable law in such circumstances. Company's failure to exercise its rights to enforce the provisions of this Agreement shall not be affected by the existence or non existence of any other similar agreement for anyone else employed by Company or by Company's failure to exercise any of its rights under any such agreement.

(d) Notices. In order to preserve Company's rights under this Agreement, Company is authorized to advise any potential or future employer, any third party with whom Executive may become employed or enter into any business or contractual relationship with, and any third party whom Executive may contact for any such purpose, of the existence of this Agreement and its terms, and Company shall not be liable for doing so.

(e) Injunctive Relief and Additional Remedy. Executive acknowledges that the injury that would be suffered by Company as a result of a breach of the provisions of this Agreement (including any provision of Sections 18, 19 and 20) would be irreparable and that an award of monetary damages to Company for such a breach would be an inadequate remedy. Consequently, Company will have the right, in addition to any other rights it may have, to obtain injunctive relief to restrain any breach or threatened breach or otherwise to specifically enforce any provision of this Agreement, and Company will not be obligated to post bond or other security in seeking such relief. Without limiting Company's rights under this Section or any other remedies of Company, if Executive breaches any of the provisions of Sections 18, 19 or 20, Company will have the right to cease making any payments otherwise due to Executive under this Agreement.

(f) Covenants of Sections 18, 19 and 20 are Essential and Independent Covenants. The covenants by Executive in Sections 18, 19 and 20 are essential elements of this Agreement, and without Executive's agreement to comply with such covenants, Company would not have entered into this Agreement or employed Executive. Company and Executive have independently consulted their respective counsel and have been advised in all respects concerning the reasonableness and propriety of such covenants, with specific regard to the nature of the business conducted by Company. Executive's covenants in Sections 18, 19 and 20 are independent covenants and the existence of any claim by Executive against Company, under this Agreement or otherwise, will not excuse Executive's breach of any covenant in Section 18, 19 or 20. If Executive's employment hereunder is terminated, this Agreement will continue in full force and effect as is necessary or appropriate to enforce the covenants and agreements of Executive in Sections 18, 19 and 20. The Company's right to enforce the covenants in Sections 18, 19 and 20 shall not be adversely affected or limited by the Company's failure to have an agreement with another employee with provisions at least as restrictive as those contained in Sections 18, 19 or 20, or by the Company's failure or inability to enforce (or agreement not to enforce) in full the provisions of any other or similar agreement containing one or more restrictions of the type specified in Sections 18, 19 and 20 of this Agreement.

21. **Executive's Representations and Further Agreements.**

(a) Executive represents, warrants and covenants to Company that:

(i) Neither the execution and delivery of this Agreement by Executive nor the performance of any of Executive's duties hereunder in accordance with the Agreement will violate, conflict with or result in the breach of any order, judgment, employment contract, agreement not to compete or other agreement or arrangement to which Executive is a party or is subject;

(ii) On or prior to the date hereof, Executive has furnished to Company true and complete copies of all judgments, orders, written employment contracts, agreements not to compete, and other agreements or arrangements restricting Executive's employment or business pursuits, that have current application to Executive;

(iii) Executive is knowledgeable and sophisticated as to business matters, including the subject matter of this Agreement, and that prior to assenting to the terms of this Agreement, or giving the representations and warranties herein, Executive has been given a reasonable time to review it and has consulted with counsel of Executive's choice; and

(iv) Executive has not provided, nor been requested by Company to provide, to Company, any confidential or non-public document or information of a former employer that constitutes or contains any protected trade secret, and will not use any protected trade secrets in connection with the Executive's employment.

(b) During and subsequent to expiration of the Term, the Executive will cooperate with Company, and furnish any and all complete and truthful information, testimony or affidavits in connection with any matter that arose during the Executive's employment, that in any way relates to the business or operations of the Company or any of its parent or subsidiary corporations or affiliates, or of which the Executive may have any knowledge or involvement; and will consult with and provide information to Company and its representatives concerning such matters. Executive shall fully cooperate with Company in the protection and enforcement of any intellectual property rights that relate to services performed by Executive for Company, whether under the terms of this Agreement or prior to the execution of this Agreement. This shall include without limitation executing, acknowledging, and delivering to Company all documents or papers

that may be necessary to enable Company to publish or protect such intellectual property rights. Subsequent to the Term, the parties will make their best efforts to have such cooperation performed at reasonable times and places and in a manner as not to unreasonably interfere with any other employment in which Executive may then be engaged. Nothing in this Agreement shall be construed or interpreted as requiring the Executive to provide any testimony, sworn statement or declaration that is not complete and truthful. If Company requires the Executive to travel outside the metropolitan area in the United States where the Executive then resides to provide any testimony or otherwise provide any such assistance, then Company will reimburse the Executive for any reasonable, ordinary and necessary travel and lodging expenses incurred by Executive to do so provided the Executive submits all documentation required under Company's standard travel expense reimbursement policies and as otherwise may be required to satisfy any requirements under applicable tax laws for Company to deduct those expenses. Nothing in this Agreement shall be construed or interpreted as requiring the Executive to provide any testimony or affidavit that is not complete and truthful.

22. **Mutual Non-Disparagement.** Neither the Company nor Executive shall make any oral or written statement about the other party which is intended or reasonably likely to disparage the other party, or otherwise degrade the other party's reputation in the business or legal community or in the telecommunications industry.

23. **Foreign Corrupt Practices Act.** Executive agrees to comply in all material respects with the applicable provisions of the U.S. Foreign Corrupt Practices Act of 1977 ("FCPA"), as amended, which provides generally that: under no circumstances will foreign officials, representatives, political parties or holders of public offices be offered, promised or paid any money, remuneration, things of value, or provided any other benefit, direct or indirect, in connection with obtaining or maintaining contracts or orders hereunder. When any representative, employee, agent, or other individual or organization associated with Executive is required to perform any obligation related to or in connection with this Agreement, the substance of this section shall be imposed upon such person and included in any agreement between Executive and any such person. Failure by Executive to comply with the provisions of the FCPA shall constitute a material breach of this Agreement and shall entitle the Company to terminate Executive's employment for Cause.

24. **Purchases and Sales of the Company's Securities.** Executive has read and agrees to comply in all respects with the Company's Securities Trading Policy regarding the purchase and sale of the Company's securities by employees, as such Policy may be amended from time to time. Specifically, and without limitation, Executive agrees that Executive shall not purchase or sell stock in the Company at any time (a) that Executive possesses material non-public information about the Company or any of its businesses; and (b) during any "Trading Blackout Period" as may be determined by the Company as set forth in the Policy from time to time.

25. **Indemnification.**

(a) If Executive is made a party or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter, a "proceeding"), by reason of the fact that he or she is or was a director or an officer of the Company or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter, a "Covered Person"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the Company to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be

amended, against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such Covered Person in connection therewith; provided, however, that, except as provided in Section 25(c) hereof with respect to proceedings to enforce rights to indemnification, the Company shall indemnify any such Covered Person in connection with a proceeding (or part thereof) initiated by such Covered Person only if such proceeding (or part thereof) was authorized by the Board.

(b) The Company shall pay the expenses (including attorneys' fees) incurred by Executive in defending any such proceeding in advance of its final disposition (hereinafter, an "advancement of expenses"), provided, however, that, if the Delaware General Corporation Law so requires, an advancement of expenses incurred by Executive in his or her capacity as such shall be made only upon delivery to the Company of an undertaking (hereinafter, an "Undertaking"), by or on behalf of such Executive, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter, a "Final Adjudication") that Executive was not entitled to be indemnified for such expenses under this Section 25 or otherwise. The rights to indemnification and to the advancement of expenses conferred in Subsections 25(a) and (b) hereof shall be contract rights and such rights shall continue even after Executive ceases to be employed by the Company and shall inure to the benefit of Executive's heirs, executors and administrators.

(c) If a claim under Section 25(a) or (b) hereof is not paid in full by the Company within sixty (60) days after a written claim therefore has been received by the Company, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty (20) days, Executive may at any time thereafter bring suit against the Company to recover the unpaid amount of the claim. If Executive is successful in whole or in part in any such suit, or in a suit brought by the Company to recover an advancement of expenses pursuant to the terms of an Undertaking, Executive shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by Executive to enforce a right to indemnification hereunder (but not in a suit brought by Executive to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) any suit brought by the Company to recover an advancement of expenses pursuant to the terms of an Undertaking, the Company shall be entitled to recover such expenses upon a final adjudication that, Executive has not met the applicable standard for indemnification set forth in the Delaware General Corporation Law. To the fullest extent permitted by law, neither the failure of the Company (including its disinterested directors, committee thereof, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of Executive is proper in the circumstances because the Executive has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Company (including its disinterested directors, committee thereof, independent legal counsel or its stockholders) that Executive has not met such applicable standard of conduct, shall create a presumption that Executive has not met the applicable standard of conduct or, in the case of such a suit brought by Executive, be a defense to such suit. In any suit brought by Executive to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Company to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that Executive is not entitled to be indemnified, or to such advancement of expenses, under this Section 25 or otherwise shall, to the extent permitted by law, be on the Company.

(d) The rights to indemnification and to the advancement of expenses conferred in this Section 25 shall not be exclusive of any other right of indemnification which Executive or any other person may have or hereafter acquire by any statute, the Company's Certificate of

Incorporation or Bylaws, agreement, vote of stockholders or disinterested directors or otherwise, including all rights of indemnification provided by the Indemnification Agreement entered into by Executive and the Company dated as of the Effective Date.

(e) The Company may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Company or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Company would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

26. **Withholding.** Anything to the contrary notwithstanding, all payments required to be made by Company hereunder to Executive or his estate or beneficiary shall be subject to the withholding of such amounts, if any, relating to tax and other payroll deductions as the Company may reasonably determine it should withhold pursuant to applicable law or regulation.

27. **Notices.** Any written notice required by this Agreement will be deemed provided and delivered to the intended recipient when (a) delivered in person by hand; or (b) three days after being sent via U.S. certified mail, return receipt requested; or (c) the day after being sent via by overnight courier, in each case when such notice is properly addressed to the following address and with all postage and similar fees having been paid in advance:

If to the Company: Charter Communications, Inc.  
Attn: General Counsel  
12405 Powerscourt Drive  
St. Louis, MO 63131

If to Executive: James Blackley  
400 Atlantic Street  
Stamford, CT 06901

Either party may change the address to which notices, requests, demands and other communications to such party shall be delivered personally or mailed by giving written notice to the other party in the manner described above.

28. **Binding Effect.** This Agreement shall be for the benefit of and binding upon the parties hereto and their respective heirs, personal representatives, legal representatives, successors and, where applicable, assigns.

29. **Entire Agreement.** This Agreement constitutes the entire agreement between the listed parties with respect to the subject matter described in this Agreement and supersedes all prior agreements, understandings and arrangements, both oral and written, between the parties with respect to such subject matter, except to the extent said agreements, understandings and arrangements are referenced or referred to in this Agreement. This Agreement may not be modified, amended, altered or rescinded in any manner, except by written instrument signed by both of the parties hereto; provided, however, that the waiver by either party of a breach or compliance with any provision of this Agreement shall not operate nor be construed as a waiver of any subsequent breach or compliance. Except to the extent the terms hereof are explicitly and directly inconsistent with the terms of the Plan, nothing herein shall be deemed to override or replace the terms of the Plan, including but not limited to sections 6.4, 9.4 and 10.4 thereof.

30. **Severability.** In case any one or more of the provisions of this Agreement shall be held by any court of competent jurisdiction or any arbitrator selected in accordance with the terms hereof to be illegal, invalid or unenforceable in any respect, such provision shall have no force and

effect, but such holding shall not affect the legality, validity or enforceability of any other provision of this Agreement provided that the provisions held illegal, invalid or unenforceable does not reflect or manifest a fundamental benefit bargained for by a party hereto.

31. **Assignment.** Subject to the Executive's right to terminate in the event of a Change of Control hereunder, this Agreement can be assigned by the Company only to a company that controls, is controlled by, or is under common control with the Company and which assumes all of the Company's obligations hereunder. The duties and covenants of Executive under this Agreement, being personal, may not be assigned or delegated except that Executive may assign payments due hereunder to a trust established for the benefit of Executive's family or to Executive's estate or to any partnership or trust entered into by Executive and/or Executive's immediate family members (meaning, Executive's spouse and lineal descendants). This agreement shall be binding in all respects on permissible assignees.

32. **Notification.** In order to preserve the Company's rights under this Agreement, the Company is authorized to advise any third party with whom Executive may become employed or enter into any business or contractual relationship with, or whom Executive may contact for any such purpose, of the existence of this Agreement and its terms, and the Company shall not be liable for doing so.

33. **Choice of Law/Jurisdiction.** This Agreement is deemed to be accepted and entered into in St. Louis County, Missouri. Executive and the Company intend and hereby acknowledge that jurisdiction over disputes with regard to this Agreement, and over all aspects of the relationship between the parties hereto, shall be governed by the laws of the State of Missouri without giving effect to its rules governing conflicts of laws. Executive agrees that in any suit to enforce this Agreement, or as to any dispute that arises between the Company and the Executive regarding or relating to this Agreement and/or any aspect of Executive's employment relationship with Company, venue and jurisdiction are proper in the County of St. Louis, and (if federal jurisdiction exists) the United States District Court for the Eastern District of Missouri in St. Louis, and Executive waives all objections to jurisdiction and venue in any such forum and any defense that such forum is not the most convenient forum.

34. **Section Headings.** The section headings contained in this Agreement are for reference purposes only and shall not affect in any manner the meaning or interpretation of this Agreement.

35. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

36. **Section 409A Compliance.** The Company and Executive intend that the provisions of this Agreement comply with the requirements of Code Section 409A and the regulations and guidance issued thereunder and be interpreted in accordance therewith. Executive will not have any discretion to designate the taxable year of payment of any amounts subject to Section 409A under any provision of this Agreement.

[The remainder of this page intentionally left blank.]



**IN WITNESS WHEREOF**, the parties have executed this Agreement on the date and year first above written.

CHARTER COMMUNICATIONS, INC.

By: /s/ Thomas M. Rutledge  
Thomas M. Rutledge, President and  
Chief Executive Officer

EXECUTIVE

/s/ James Blackley  
Name: James Blackley

**CHARTER COMMUNICATIONS, INC AND SUBSIDIARIES**  
**RATIO OF EARNINGS TO FIXED CHARGES CALCULATION**  
(In millions)

	Successor					Predecessor	
	Year Ended December 31,			Combined January 1 through December 31,	Period from December 1 through December 31,	Period from January 1 through November 30,	Year Ended December 31,
	2012	2011	2010	2009	2009	2009	2008
<b>Earnings</b>							
Loss before Income Taxes	\$ (47)	\$ (70)	\$ 58	\$ 9,758	\$ 10	\$ 9,748	\$ (2,550)
Fixed Charges	914	970	885	1,384	69	1,315	1,912
Total Earnings	<u>\$ 867</u>	<u>\$ 900</u>	<u>\$ 943</u>	<u>\$ 11,142</u>	<u>\$ 79</u>	<u>\$ 11,063</u>	<u>\$ (638)</u>
<b>Fixed Charges</b>							
Interest Expense	\$ 883	\$ 926	\$ 853	\$ 1,067	\$ 68	\$ 999	\$ 1,872
Interest Expense included within Reorganization Items, Net	—	—	—	289	—	289	—
Amortization of Debt Costs	24	37	24	21	—	21	33
Interest Element of Rentals	7	7	8	7	1	6	7
Total Fixed Charges	<u>\$ 914</u>	<u>\$ 970</u>	<u>\$ 885</u>	<u>\$ 1,384</u>	<u>\$ 69</u>	<u>\$ 1,315</u>	<u>\$ 1,912</u>
Ratio of Earnings to Fixed Charges (1)	<u>—</u>	<u>—</u>	<u>1.07</u>	<u>8.05</u>	<u>1.14</u>	<u>8.41</u>	<u>—</u>

(1) Earnings for the years ended December 31, 2012, 2011 and 2008 were insufficient to cover fixed charges by \$47 million, \$70 million and \$2.6 billion, respectively. As a result of such deficiencies, the ratios are not presented above.

## Entity Jurisdiction and Type

Entity Name	Jurisdiction and Type
Charter Communications, Inc.	a Delaware corporation (Parent Company)
American Cable Entertainment Company, LLC	a Delaware limited liability company
Athens Cablevision, Inc.	a Delaware corporation
Ausable Cable TV, Inc.	a New York corporation
Cable Equities Colorado, LLC	a Delaware limited liability company
Cable Equities of Colorado Management Corp.	a Colorado corporation
CC 10, LLC	a Delaware limited liability company
CC Fiberlink, LLC	a Delaware limited liability company
CC Michigan, LLC	a Delaware limited liability company
CC Systems, LLC	a Delaware limited liability company
CC V Holdings, LLC	a Delaware limited liability company
CC VI Fiberlink, LLC	a Delaware limited liability company
CC VI Operating Company, LLC	a Delaware limited liability company
CC VII Fiberlink, LLC	a Delaware limited liability company
CC VIII Fiberlink, LLC	a Delaware limited liability company
CC VIII Holdings, LLC	a Delaware limited liability company
CC VIII Leasing of Wisconsin, LLC	a Wisconsin limited liability company
CC VIII Operating, LLC	a Delaware limited liability company
CC VIII, LLC	a Delaware limited liability company
CCH I, LLC	a Delaware limited liability company
CCH I Holdings, LLC	a Delaware limited liability company
CCH II, LLC	a Delaware limited liability company
CCH II Capital Corp.	a Delaware corporation
CCHC, LLC	a Delaware limited liability company
CCI Exchange I, Inc.	a Delaware corporation
Charter Investment, Inc.	a Delaware corporation
CCO Fiberlink, LLC	a Delaware limited liability company
CCO Holdings, LLC	a Delaware limited liability company
CCO Holdings Capital Corp.	a Delaware corporation
CCO NR Holdings, LLC	a Delaware limited liability company
CCO Purchasing, LLC	a Delaware limited liability company
CCO SoCal I, LLC	a Delaware limited liability company
CCO SoCal II, LLC	a Delaware limited liability company
CCO SoCal Vehicles, LLC	a Delaware limited liability company
Charter Advertising of Saint Louis, LLC	a Delaware limited liability company
Charter Cable Leasing of Wisconsin, LLC	a Wisconsin limited liability company
Charter Cable Operating Company, L.L.C.	a Delaware limited liability company
Charter Cable Partners, L.L.C.	a Delaware limited liability company
Charter Communications Entertainment I, LLC	a Delaware limited liability company
Charter Communications Entertainment II, LLC	a Delaware limited liability company
Charter Communications Entertainment, LLC	a Delaware limited liability company
Charter Communications Holding Company, LLC	a Delaware limited liability company
Charter Communications Holdings LLC	a Delaware limited liability company

Charter Communications Operating, LLC	a Delaware limited liability company
Charter Communications Operating Capital Corp.	a Delaware corporation
Charter Communications Properties LLC	a Delaware limited liability company
Charter Communications V, LLC	a Delaware limited liability company
Charter Communications Ventures, LLC	a Delaware limited liability company
Charter Communications VI, LLC	a Delaware limited liability company
Charter Communications VII, LLC	a Delaware limited liability company
Charter Communications, LLC	a Delaware limited liability company
Charter Distribution, LLC	a Delaware limited liability company
Charter Fiberlink - Alabama, LLC	a Delaware limited liability company
Charter Fiberlink AR-CCVII, LLC	a Delaware limited liability company
Charter Fiberlink CA-CCO, LLC	a Delaware limited liability company
Charter Fiberlink CC VIII, LLC	a Delaware limited liability company
Charter Fiberlink CCO, LLC	a Delaware limited liability company
Charter Fiberlink CT-CCO, LLC	a Delaware limited liability company
Charter Fiberlink - Georgia, LLC	a Delaware limited liability company
Charter Fiberlink - Illinois, LLC	a Delaware limited liability company
Charter Fiberlink LA-CCO, LLC	a Delaware limited liability company
Charter Fiberlink MA-CCO, LLC	a Delaware limited liability company
Charter Fiberlink - Michigan, LLC	a Delaware limited liability company
Charter Fiberlink - Missouri, LLC	a Delaware limited liability company
Charter Fiberlink MS-CCVI, LLC	a Delaware limited liability company
Charter Fiberlink NC-CCO, LLC	a Delaware limited liability company
Charter Fiberlink - Nebraska, LLC	a Delaware limited liability company
Charter Fiberlink NV-CCVII, LLC	a Delaware limited liability company
Charter Fiberlink NY-CCO, LLC	a Delaware limited liability company
Charter Fiberlink OH-CCO, LLC	a Delaware limited liability company
Charter Fiberlink OR-CCVII, LLC	a Delaware limited liability company
Charter Fiberlink SC-CCO, LLC	A Delaware limited liability company
Charter Fiberlink - Tennessee, LLC	A Delaware limited liability company
Charter Fiberlink TX-CCO, LLC	A Delaware limited liability company
Charter Fiberlink VA-CCO, LLC	A Delaware limited liability company
Charter Fiberlink VT-CCO, LLC	A Delaware limited liability company
Charter Fiberlink WA-CCVII, LLC	A Delaware limited liability company
Charter Gateway, LLC	a Delaware limited liability company
Charter Helicon, LLC	A Delaware limited liability company
Charter RMG, LLC	A Delaware limited liability company
Charter Stores FCN, LLC	A Delaware limited liability company
Charter Video Electronics, Inc.	A Minnesota corporation
Dalton Cablevision, Inc.	A Delaware corporation
Falcon Cable Communications, LLC	A Delaware limited liability company
Falcon Cable Media, a California Limited Partnership	A California limited partnership
Falcon Cable Systems Company II, L.P.	a California limited partnership
Falcon Cablevision, a California Limited Partnership	a California limited partnership
Falcon Community Cable, L.P.	a Delaware limited partnership
Falcon Community Ventures I, LP	a California limited partnership
Falcon First Cable of New York, Inc.	a Delaware corporation
Falcon First Cable of the Southeast, Inc.	a Delaware corporation
Falcon First, Inc.	a Delaware corporation
Falcon Telecable, a California Limited Partnership	a California limited partnership

Falcon Video Communications, L.P.	a Delaware limited partnership
Helicon Group, L.P., The	a Delaware limited partnership
Helicon Partners I, L.P.	a Delaware limited partnership
Hometown TV, Inc.	a New York corporation
HPI Acquisition Co., L.L.C.	a Delaware limited liability company
Interlink Communications Partners, LLC	a Delaware limited liability company
Long Beach, LLC	a Delaware limited liability company
Marcus Cable Associates, L.L.C.	a Delaware limited liability company
Marcus Cable of Alabama, L.L.C.	a Delaware limited liability company
Marcus Cable, Inc.	a Delaware limited liability company
Midwest Cable Communications, Inc.	a Minnesota corporation
Peachtree Cable TV, L.P.	a Georgia limited partnership
Peachtree Cable T.V., LLC	a Delaware limited liability company
Plattsburgh Cablevision, Inc.	a Delaware corporation
Renaissance Media LLC	A Delaware limited liability company
Rifkin Acquisition Partners, LLC	A Delaware limited liability company
Robin Media Group, Inc.	A Nevada corporation
Scottsboro TV Cable, Inc.	an Alabama corporation
Tennessee, LLC	A Delaware limited liability company
Tioga Cable Company, Inc.	A Pennsylvania corporation
Vista Broadband Communications, LLC	A Delaware limited liability company
Adcast North Carolina Cable Advertising, LLC	Joint Venture - Class B Member
Charlotte Cable Advertising Interconnect, LLC	Joint Venture - Class B Member
Pacific Microwave	Joint Venture
TWC/Charter Los Angeles Cable Advertising, LLC	Joint Venture - Class A Member
TWC/Charter Green Bay Cable Advertising, LLC	Joint Venture - Class B Member

**Consent of Independent Registered Public Accounting Firm**

The Board of Directors  
Charter Communications, Inc.:

We consent to the incorporation by reference in the registration statements Nos. 333-163357 and 333-170475 on Form S-8 and Nos. 333-170530 and 333-171526 on Form S-3 of Charter Communications, Inc. and subsidiaries (the Company) of our report dated February 21, 2013, with respect to the consolidated balance sheets of the Company as of December 31, 2012 and 2011, and the related consolidated statements of operations, comprehensive loss, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2012, and the effectiveness of internal control over financial reporting as of December 31, 2012, which report appears in the December 31, 2012 annual report on Form 10-K of the Company.

/s/ KPMG LLP

St. Louis, Missouri  
February 21, 2013

I, Thomas M. Rutledge, certify that:

1. I have reviewed this Annual Report on Form 10-K of Charter Communications, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 22, 2013

/s/ Thomas M. Rutledge

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Thomas M. Rutledge  
President and Chief Executive Officer

I, Christopher L. Winfrey, certify that:

1. I have reviewed this Annual Report on Form 10-K of Charter Communications, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 22, 2013

/s/ Christopher L. Winfrey

Christopher L. Winfrey  
Chief Financial Officer  
(Principal Financial Officer)



**CERTIFICATION OF CHIEF EXECUTIVE  
OFFICER REGARDING PERIODIC REPORT CONTAINING  
FINANCIAL STATEMENTS**

I, Thomas M. Rutledge, the President and Chief Executive Officer of Charter Communications, Inc. (the "Company") in compliance with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certify that, the Company's Annual Report on Form 10-K for the year ended December 31, 2012 (the "Report") filed with the Securities and Exchange Commission:

- fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Thomas M. Rutledge  
Thomas M. Rutledge  
President and Chief Executive Officer  
February 22, 2013

**CERTIFICATION OF CHIEF FINANCIAL  
OFFICER REGARDING PERIODIC REPORT CONTAINING  
FINANCIAL STATEMENTS**

I, Christopher L. Winfrey, the Chief Financial Officer of Charter Communications, Inc. (the "Company"), in compliance with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certify that, the Company's Annual Report on Form 10-K for the year ended December 31, 2012 (the "Report") filed with the Securities and Exchange Commission:

- fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Christopher L. Winfrey  
Christopher L. Winfrey  
Chief Financial Officer  
(Principal Financial Officer)  
February 22, 2013